UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE RESEARCH IN MOTION LIMITED SECURITIES LITIGATION	Civil Action No. 11 Civ. 4068 (RJS) **CONSOLIDATED AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** **JURY TRIAL DEMANDED**

1. Lead Plaintiff, Robert Shemian ("Plaintiff"), brings this Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint") individually and on behalf of all other purchasers of Research in Motion Limited ("RIM" or the "Company") securities listed on an American stock exchange ("securities") and all other purchasers of RIM securities in the United States between December 16, 2010 and June 16, 2011 (the "Class Period"). This Complaint is brought against RIM, the Company's Co-Chief Executive Officer ("Co-CEO") and director, James L. Balsillie ("Balsillie"), the Founder, President, Co-CEO, and director, Mihalis "Michael" Lazaridis ("Lazaridis"), and the Chief Financial Officer ("CFO"), Brian Bidulka ("Bidulka") (collectively, the "Individual Defendants," and with the Company, "Defendants").

2. This Complaint is alleged upon personal knowledge as to Plaintiff's own acts, and upon information and belief as to all other matters, based upon Plaintiff's counsel's investigation, including review of RIM's public filings with the United States Securities and Exchange Commission ("SEC"); wire and press releases published by and regarding RIM; securities analysts' reports and advisories; information available in the media and on the Internet;

and interviews with Confidential Witnesses ("CW(s)"), including former RIM employees, who held positions that provided them with personal access to the information which they reported. Additional facts supporting the allegations contained herein are known only to the Defendants or are exclusively within their control. Indeed, Plaintiff's investigation revealed that the Company had required employees to sign confidentiality agreements. At least eight former employees, after being contacted, refused to speak to Plaintiff's private investigators, citing their confidentiality agreements.[1] As a result, Plaintiff believes that substantial additional evidentiary support exists for the allegations set forth in this Complaint that will be revealed after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND SUMMARY OF ALLEGATIONS

3. RIM describes itself as a designer, manufacturer and marketer of innovative wireless solutions for the worldwide mobile communications market. According to RIM's public statements, through the development of integrated hardware, software and services that support wireless network standards, the Company provides platforms and solutions for access to time-sensitive information, including e-mail, phone, short message service, instant messaging,

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[1] Defendants also had former employees sign written agreements upon termination that included a paragraph on confidentiality that prevented disclosure of any information received during employment with the Company. The relevant paragraph in one such agreement states:

> Confidentiality. In accordance with the Employee Confidentiality and Intellectual Property Agreement signed by you, you agree to keep confidential and not disclose, directly or indirectly, or otherwise use to the detriment of the Company any information that you received during your employment with the Company. You also agree that you will not disclose, either directly or indirectly, in any matter whatsoever, any information regarding the terms of this Letter Agreement, including the sums paid hereunder, to any person or organization, including but not limited to members of the press and media, and other members of the public, except, after having received their agreement to keep the information confidential, to your spouse, attorney, or financial advisor, or as required by court process.

Internet and intranet-based applications and browsing. RIM technology also enables a broad array of third party developers and manufacturers to enhance their products and services through software development kits, wireless connectivity to data and third-party support programs. RIM's primary revenue stream is generated by the BlackBerry wireless solution, comprised of BlackBerry wireless devices, software and services. The Company's ability to introduce new products is critical to the Company's ability to maintain its market share in the extremely competitive market.

4. This is not a case about innocent earnings misses resulting from unforeseen difficulties experienced while producing new products. Instead, during the Class Period, RIM's top-level executives knowingly, or recklessly disregarded, that the Company's existing product line was aging and that the Company could not timely introduce new products to the market, and, instead, issued materially false and misleading statements regarding the Company's financial results and its financial outlook. Specifically, the Company failed to inform investors that its aging product line and delays in introducing new products to the market was negatively impacting the Company's business and margins, and would eventually lead the Company to the point of collapse. In fact, as noted in a New York Times article from July 25, 2011, entitled "*With BlackBerry in Decline, RIM Will Shed 2,000 Jobs*," [w]hile the company had previously announced that it planned to cut employees, the number of jobs lost was higher than some analysts expected, perhaps suggesting that the company's situation was deteriorating more rapidly than earlier thought."

5. RIM's inability to bring new products to the market was further impeded by the fact that the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device. This resource

limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America. Moreover, as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings. This undisclosed and/or misrepresented information was highly material and would alter the total mix of information available to investors considering that RIM would need to revamp its product line and timely introduce new products if it was to continue to compete in the market and maintain or increase its market share.

6. Further, Defendants' positive representations about the Company's financial outlook were made without a reasonable basis to do so, while, at the same time, failing to disclose adverse information that would have revealed the Company's problems and allowed investors to make informed determinations of whether the financial projections would be attainable. Indeed, on March 29, 2012, the Company announced that it would no longer be providing "quantitative guidance" due to "ongoing weakness in the Company's U.S. smartphone business, an increased focus on selling BlackBerry 7 smartphones to grow the subscriber base in advance of the BlackBerry 10 launch, increasing competitive pressure in the Company's international markets and the introduction of certain new lower tier service pricing initiatives and a higher mix of sales coming from entry level products." This was a long overdue acknowledgement that the Company could not provide reliable guidance and their projections up to date, including during the Class Period, were materially false and/or misleading and lacked any reasonable basis when made. Due to the seriousness and pervasiveness of the problems at RIM and that the problems involved the Company's core products, including its only tablet (the PlayBook), Defendants either knew, or recklessly ignored, that their guidance was materially

false and/or misleading and lacked any reasonable basis when made.

7. At the start of the Class Period, Defendants emphasized the Company's record third quarter 2011 BlackBerry® smartphone shipments, and stated that:

> International markets continue to adopt BlackBerry in record numbers and BlackBerry is the number one smartphone in several markets in Western Europe, including the UK. And BlackBerry was the number one smartphone for the third consecutive quarter in Latin America.

8. This representation and numerous others detailed herein by the Company were positively received by the market. As a result of Defendants' materially false and misleading statements, RIM's securities traded at artificially inflated prices during the Class Period, reaching a high of $69.86 per share on February 18, 2011.

9. Additionally, analysts and market commentators believed and transmitted the misleading and/or false positive information made by Defendants to the market. For example, regarding RIM and its operating system built by RIM's QNX Software Systems ("QNX") unit for the PlayBook ("PlayBook") tablet offering, a Jefferies & Company, Inc. ("Jefferies") analyst stated:

> QNX better and earlier than expected: our checks indicates that the new OS provides a great browsing experience, is scalable so can address low end and high end, is easy to port Android apps to, and is more secure, and requires less bandwidth. Also, the transition to QNX will be faster than expected.

10. On March 24, 2011, the Company announced disappointing fourth quarter and fiscal 2011 financial results and guidance. The Company stated that the "[w]e are forecasting ASP on our handset portfolio to be lower in Q1 than Q4 due to product mix shifting more towards lower-priced handsets that support the strong growth in prepaid and entry-level markets as well as the late stage of product life cycle of certain products as we approach the launch of next-generation versions of these products and handsets in Q2 and beyond." The Company

further stated that "[b]y the end of Q1, PlayBook will have been in the North American market only five to six weeks, and there are no other product launches to drive top line growth in this quarter." This news resulted in an 11.2% drop in the price of RIM securities, or $7.20 per share on March 25, 2011, on heavy trading volume. In response to this partial disclosure, analysts at Deutsche Bank and Robert W. Baird & Co. downgraded RIM.

11. On April 28, 2011, RIM updated its first quarter 2012 guidance with lower earnings per share ("EPS") estimates than projected the prior month. RIM blamed lower shipment volumes of BlackBerry smartphones and a shift in the expected mix of devices shipped towards handsets with lower average selling prices for the Company's EPS shortfall. The Company also stated that: "[t]he age of the BlackBerry smartphone portfolio currently in the market, coupled with delays in new product introductions are leading to lower than expected sell-through than we anticipated, particularly in the U.S. and Latin America which is keeping levels of channel inventory higher than expected resulting in lower than expected shipments for the first quarter."

12. In response to RIM's guidance cut, on April 29, 2011, Jefferies downgraded the Company to "Underperform," stating, "We Were Wrong: QNX Too Late and Too Little." Jefferies further stated, "[RIM] will see continued execution issues, product delays, and lackluster product launches for the next year. We believe BlackBerry OS 7.0 (renamed, formerly 6.1) and QNX will be delayed and that carriers are withdrawing support."

13. On this news, RIM securities plummeted 14%, or $7.94 per share, to close at $48.65 per share on April 29, 2011, on heavy trading volume.

14. On June 16, 2011, the Company announced its financial results for the first quarter of fiscal 2012, ended May 28, 2011. For the quarter, the Company disappointed analysts

and investors, reporting net income of $1.33 per share, down $0.05 from the first quarter of fiscal 2011. The Company also revised its expectations for full year per share earnings. The Company stated that: "[t]he challenges of the first quarter are continuing into the August quarter. The existing portfolio of BlackBerry products has been in market for close to a year, and delivering new products has proven more challenging than anticipated. Delays in the new product introduction timelines . . . has led to lower-than-anticipated shipments, revenue and earnings in the second quarter." Further, the Company announced that it has made the decision to begin a cost management process that will include headcount reductions across the Company, which was a clear signal that the Company's situation was deteriorating rapidly and would eventually lead the Company to the point of collapse.

15. On that news, RIM's securities plummeted even further to close on June 17, 2011 at $27.75, down 21.5% or $7.58 from the prior day's close of $35.33 on over 113 million shares traded.

16. After the above revelations seeped into the market through the partial disclosures, the Company's shares were hammered by massive sales, sending them down over 60% from their Class Period high.

JURISDICTION AND VENUE

17. The claims asserted herein arise under and pursuant to Sections 10(b), 20(a) and 20(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78t(a), 78t(b)], and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. § 240.10b-5].

18. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act.

19. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28

U.S.C. § 1391(b). The violations of law complained of herein occurred in part in the District, including the dissemination of materially false and misleading statements complained of herein into this District.

20. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the NASDAQ Global Market.

PARTIES

21. Plaintiff Robert Shemian ("Plaintiff") purchased RIM securities in reliance on Defendants' false and misleading statements and omissions of material facts and/or the integrity of the market for RIM securities at artificially inflated prices during the Class Period and suffered economic loss and damages when the truth about RIM that was misrepresented and omitted during the Class Period was revealed to the market through the series of partial disclosures. Plaintiff's Certification with a detailed listing of transactions is submitted herewith.

22. Defendant RIM was incorporated under the *Business Corporations Act* (Ontario) (OBCA) on March 7, 1984 and commenced operations at that time. RIM's registered and principal business office is 295 Phillip Street, Waterloo, Ontario, Canada N2L 3W8. RIM common shares are listed on the NASDAQ Global Select Market (NASDAQ: RIMM) and the Toronto Stock Exchange (TSX: RIM). NASDAQ is a well-developed, efficient market for securities. RIM's options also trade on American exchanges, including the Chicago Board Options Exchange, which is a well-developed, efficient market for securities.

23. Defendant James L. Balsillie ("Balsillie") was, at all relevant times, the Company's Co-CEO. As Co-CEO, defendant Balsillie was responsible for driving corporate

strategy, business development, marketing, sales, and finance. Additionally, defendant Balsillie served as Director of the Board from 1993 until February 2009, and was re-appointed on May 28, 2010. Defendant Balsillie was also appointed Co-Chairman of the Board in December 2010. Defendant Balsillie is a Chartered Accountant and received a Bachelor of Commerce degree from the University of Toronto and an MBA from Harvard Business School. Defendant Balsillie also holds several Honorary Doctorate degrees. In addition, defendant Balsillie holds an FCA from the Institute of Chartered Accountants of Ontario. In May 2009, defendant Balsillie was inducted into the Order of the Business Hall of Fame. Prior to joining and investing in the Company in 1992, defendant Balsillie was Executive Vice President and a member of the Board of Directors of Sutherland-Shultz Limited in Kitchener, Ontario. In 2002, defendant Balsillie founded the Centre for International Governance Innovation, a research institute focused on the restructuring of international governance practices, with a particular emphasis on financial and economic institutions. Defendant Balsillie is also the Chair of the Canadian International Council. During the Class Period, defendant Balsillie made materially false and/or misleading statements on conference calls, signed materially false and/or misleading certifications attached to materially false and/or misleading SEC filings, and was quoted in materially false and/or misleading press releases.

24. Defendant Mihalis "Michael" Lazaridis ("Lazaridis") was, at all relevant times, the Company's Founder, President, Co-CEO and a Co-Chairman of the Board. While he was Co-CEO, he was responsible for product strategy, research and development. Defendant Lazaridis holds an honorary Doctor of Engineering degree from the University of Waterloo. In May 2009, defendant Lazaridis was inducted into the Order of the Business Hall of Fame. Defendant Lazaridis has founded two research institutions of international significance: the

Perimeter Institute for Theoretical Physics, an independent theoretical physics research institute and the Institute for Quantum Computing, a research center focused on fundamental aspects of quantum mechanics and their applications to information processing which was established within the University of Waterloo. During the Class Period, defendant Lazaridis signed materially false and/or misleading certifications attached to materially false and/or misleading SEC filings and was also quoted in materially false and/or misleading press releases.

25. Defendant Brian Bidulka ("Bidulka") was, at all relevant times, the Company's CFO. Prior to joining RIM in 2005, defendant Bidulka held numerous finance positions at Molson Inc. and Ernst & Young LLP. Defendant Bidulka received his Chartered Accountant's designation in 1989 and holds an Honours Bachelor of Commerce degree from McMaster University. During the Class Period, defendant Bidulka made materially false and/or misleading statements on conference calls, and signed materially false and/or misleading certifications attached to materially false and/or misleading SEC filings that he also signed.

26. Defendants Balsillie, Lazaridis, and Bidulka are referred to herein as the "Individual Defendants." RIM, Balsillie, Lazaridis, and Bidulka are referred to herein collectively as the "Defendants."

27. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of RIM, were privy to confidential and proprietary information concerning RIM, its operations, products, finances, financial condition, and present and future business prospects. The Individual Defendants also had access to material adverse non-public information concerning RIM, as discussed herein. Because of their positions with RIM, the Individual Defendants had access to non-public information about its business, finances, products, markets, and present and future business prospects, via access to internal corporate documents,

conversations, and connections with other corporate officers and employees, attendance at management and board of directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

28. The Individual Defendants are liable as direct participants in, and as co-conspirators, with respect to the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors were "controlling persons" within the meaning of Section 20 of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants, directly or indirectly, controlled the conduct of RIM's business and its public statements.

29. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and, through them, to the investing public. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to, and did, commit the fraudulent acts alleged herein.

30. As senior executive officers and/or directors and as controlling persons of a publicly-traded company whose securities were, and continue to be, registered with the SEC pursuant to the Exchange Act and its common shares trade on the NASDAQ Global Market under the ticker symbol "RIMM," the Individual Defendants were, and continue to be, governed

by the federal securities laws, and had a duty to disseminate promptly accurate and truthful information with respect to RIM's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings, and present and future business prospects; and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of RIM's securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

31. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of RIM securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding RIM's business, operations and management, as well as the intrinsic value of RIM's securities, and (ii) caused Plaintiff and members of the Class to purchase RIM securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

32. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired RIM securities and all other purchasers of RIM securities in the United States during the Class Period, December 16, 2010 and June 16, 2011, inclusive (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.

33. The members of the Class are so numerous that joinder of all members is impracticable. RIM had more than 523 million shares of common shares outstanding that were

actively traded on the NASDAQ as of February 26, 2011. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by RIM or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

34. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

35. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

36. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about RIM's business, operations, and products;

(c) whether Defendants omitted and/or misrepresented material facts;

(d) whether Defendants' statements omitted material facts necessary to make the statements, in light of the circumstances under which they were made, not misleading;

(e) whether Defendants knew or recklessly disregarded that their statements were false and misleading;

(f) whether the price of RIM securities was artificially inflated; and

(g) the extent of damage sustained by Class members and the appropriate measure of damages.

37. Plaintiff intends to rely, in part, upon the presumptions of reliance created by the United States Supreme Court in connection with the reliance element of his claims and the claims of the other Class members under Sections 10(b), 20(a), and 20(b) of the Exchange Act and, therefore, individual questions regarding reliance do not predominate. In particular, with respect to Defendants' material omissions alleged herein, reliance by Plaintiff and the other members of the Class is presumed. With respect to Defendants' affirmative misrepresentations alleged herein, reliance by Plaintiff and the other members of the Class is presumed under the fraud-on-the-market doctrine, because, at all relevant times, the market for RIM securities was efficient for the following reasons, among others:

(a) RIM's common shares met the requirements for listing, and were listed and actively traded on the NASDAQ, and its options were traded on American exchanges, including the Chicago Board Options Exchange, which are highly-efficient, open, developed, and automated markets, free of manipulation;

(b) As a regulated issuer, RIM filed periodic public reports with the SEC and the NASDAQ;

(c) RIM regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) RIM was followed by numerous securities analysts and investment market

professionals.

38. As a result of the foregoing, the market for RIM securities rapidly absorbed all publicly material information regarding RIM and that information was reflected in the price of RIM securities.

39. Plaintiff and other members of the Class purchased RIM securities between the time that Defendants made the material misrepresentations and omissions alleged herein and when the truth was revealed to the public.

40. Plaintiff is thus entitled to a presumption that all purchasers of RIM securities during the Class Period suffered similar injury because they paid inflated prices for their RIM securities in reliance on Defendants' material misrepresentations and/or omissions and/or in reliance on the integrity of the prices for RIM securities, and suffered economic losses when the price of RIM securities declined in value in direct, proximate and consequential response to partial disclosures that revealed the truth.

41. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

BACKGROUND

42. In its Annual Information Form filed with the SEC on March 29, 2011, as an attachment to its Form 40-F, RIM claimed to be a leader in designing, manufacturing and marketing "innovative wireless solutions for the worldwide mobile communications market."

The Company's BlackBerry product lines include the BlackBerry PlayBook tablet, the BlackBerry smartphone, as well as software for business and accessories. The Company is organized and managed as a single reportable business segment, and RIM's primary revenue stream is generated by the BlackBerry wireless solution, comprised of wireless handsets, service and software. BlackBerry service is provided through a combination of RIM's Network Operations Center ("NOC") and the wireless networks of RIM's carrier partners. For fiscal year 2011, 80.2% of the Company's revenue was generated from devices, eclipsing all other revenue sources.

43. As reported by Financiar Worldwide in an article, dated December 2011, entitled "*Research in Motion Under Pressure*," "although BlackBerry drove the first smartphone revolution, ***it has failed to innovate***,[2] allowing Apple's iPhone and handsets operating on Google's Android platform to gain ever-increasing market share." Further, "***[m]eanwhile, as well as continued product delays and profit warnings***, the recent global outage of BlackBerry services further damaged RIM's reputation." Additionally, the article noted that:

- "***RIM has also repeatedly failed to offer reliable guidance to its shareholders by missing quarterly targets and retracting overoptimistic projections.***"
- ***"RIM continues to ship products late and incomplete and has miscommunicated how long it will take for products to hit the market."***
- ***"Meanwhile, failure to innovate means that four years into a post-iPhone world, RIM still hasn't offered competitive smartphone products or addressed the application gap."***

44. The Company knew, and even admitted in its Form 40-F, that its future success "***depends upon its ability to enhance its current products and services, to address competing technologies and products developed by other companies, and to continue to develop and***

[2] All emphases in bold/italics added unless otherwise noted.

introduce new products and services offering enhanced performance and functionality on a timely basis at competitive prices." The Company also knew that "[t]he Company's business may be adversely affected if its products and services that are based on existing technologies or subsequent new technologically-advanced products and services do not achieve acceptance among customers."

45. Further, the Company knew, and admitted in its Form 40-F, that it is "***engaged in an industry that is highly competitive and rapidly evolving, and has experienced, and expects to continue to experience, intense competition from a number of companies.***"

46. Additionally, the Company knew that it relies heavily on its suppliers for functional components, so there is a risk that the suppliers may not be able to timely supply the necessary components or provide sufficient quantities.

47. According to a March 14, 2011 Hudson Securities analyst report, entitled "*Initiating Coverage of Research in Motion (RIMM) With a Buy Rating*," RIM needs to continually develop compelling devices, particularly devices with better application accessibility to compete with Android Devices and the iPhone." The report further stated that:

> RIM currently controls 18% of the world's smartphone market. As competition continues to intensify RIM may be at a price disadvantage due to lack of scale. RIM's growth focuses on prosumers, the international market, and small to medium size businesses which are more easily affected by economic slowdowns.
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> * * *
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> RIM's Gross Margins are highly contingent on product mix. ***As a result, it is important that RIM continue to launch new, compelling devices.***
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> * * *
>
> Over the years, RIM has done a superb job of releasing new, compelling products to the market such as the Pearl, Curve, Bold and Torch. ***However, many of these products have been on the market for a while and a product refresh is necessary*** in order to remain at the forefront of consumers' choice.
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> * * *

> Further, the competitive environment in the Smartphone market is increasing as more OEMs enter this market and drive prices down into the mid-tier. ***To offset this price erosion, RIM needs to continue to launch new products.***

48. However, RIM was not keeping pace with its rivals. The lack of blockbuster products, stiff competition, and delays in new product introductions were putting the Company in the untenable and irreversible position that threatened its corporate liability. As a result, by the end of 2011, RIM's shares had lost nearly 75% of their value. And, although shareholders had called on RIM's Board to take power away from defendants Lazaridis and Balsillie, the two would not leave their posts until after the Class Period.

49. Further, during the third quarter of fiscal 2011, ended November 27, 2010, the Company disclosed that it would cease providing to investors certain key metrics. During a September 16, 2010 earnings conference call, Edel Ebbs ("Ebbs"), RIM's Vice President of Investor Relations, disclosed that the third quarter of fiscal 2011 would be the last time the Company publicly disclosed average selling price ("ASP") figures:

> ASP in Q3 is expected to be between $310 and $315 higher than Q2 due to the mix of product expected to ship in the quarter. As we've discussed for the past few quarters, the increase in the number of products we offer and the number of geographies we sell into makes forecasting product mix and therefore ASP increasingly difficult. ***As a result, this will be the last quarter we will offer guidance on ASP and we will report ASP for the last time with our Q3 results in December.***

50. Also in that conference call, Ebbs disclosed that RIM would cease publicly disclosing "net subscriber account additions." According to RIM's press releases, "[t]he number of net subscriber account additions is a non-financial metric and is intended to highlight the change in RIM's subscriber base." In conveying this decision, Ebbs explained that this particular metric "is unique to RIM and is not comparable to metrics reported by any of our competitors." He continued that "forecasting net subscriber account additions is increasingly difficult given the growing complexity of our business with diverse market segments, multiple geographies and

over 565 carriers and distribution partners." Ebbs concluded that "after today we will no longer guide net subscriber account additions and we will report net subscriber account additions for the last time in December." Thus, as the third quarter of fiscal 2011 wore on, RIM explained away its new policy of disclosing less material information to investors.

OBLIGATIONS UNDER THE SECURITIES LAWS

51. As a publicly traded company, RIM had obligations under the federal securities laws. Item 303, 17 C.F.R. §229.303(a)(3)(ii), required RIM, in each of its quarterly and annual reports, to "[d]escribe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed."

52. The "[i]nstructions to paragraph 303(a)" explain that "[t]he discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition." In each of these reports, Defendants were required to comply with the disclosure requirements under Item 303, and, thus, had a duty to disclose any trends or uncertainties, known to management, that were reasonably likely to materially affect RIM's liquidity, sales, revenues or income.[3]

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[3] *See also* 17 C.F.R. 229.303(a) (requiring disclosure of "such other information" as necessary to provide an understanding of corporate conditions); Commission Statement About MD&A of Financial Condition and Results of Operations 67 FR 3746-02, 2002 WL 90781, at *3747 (Jan. 25, 2002) (observing that Item 303(a) "identifies a basic and overriding requirement of MD&A" in requiring the disclosure of "such other information," while noting the importance of providing

53. Item 303 compels the disclosure of the known facts that constitute the trend or uncertainty itself. Investors are thereafter left to make their own evaluations of the risk of the trend or uncertainty. The trend or uncertainty need not ultimately adversely impact a company's operations, nor does the consequence of the trend or uncertainty have to be quantifiable. The SEC has provided explicit guidance on application of Item 303 in a release titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("SEC Release"):

> Where a trend, demand, commitment, event or uncertainty is known, management must make two assessments: (1) Is the known trend, demand, commitment, event or uncertainty likely to come to fruition? If management determines that it is not reasonably likely to occur, no disclosure is required. (2) If management cannot make that determination, it must evaluate objectively the consequences of the known trend, demand, commitment, event or uncertainty, on the assumption that it will come to fruition. Disclosure is then required unless management determines that a material effect on the registrant's financial condition or results of operations is not reasonably likely to occur.

Exchange Act Release No. 34-26831, 54 Fed. Reg. 22427, 22430 (May 24, 1989).

54. In fact, under Item 303, certainty is not the test for a duty to disclose. Rather, the duty to disclose requires the disclosure of facts sufficient to inform investors of a known, but as yet unquantifiable or unrealized risk that may never come to fruition. In sum, Defendants were required by Item 303 to disclose in their annual and quarterly reports facts concerning a known uncertainty and their repeated failures to do so constitute material omissions actionable under Section 10(b).

DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD

55. The Class Period commences on December 16, 2010. On this date, RIM issued a press release, entitled "*Research in Motion Reports Third Quarter Results*." The press release reported third quarter financial results for the three months ended November 27, 2010. For the

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investors with "an accurate understanding" of a company).

third quarter, the Company reported record shipments of 14.2 million BlackBerry smartphones, up 40% over the same quarter in fiscal 2010. Revenue for that quarter also grew 40% to $5.5 billion, with earnings per share increasing 58% over the third quarter of 2010 to $1.74. The Company's press release also emphasized an increase of 5.1 million BlackBerry subscribers during the quarter, increasing its subscriber base to 55 million. Specifically, the Company's December 16, 2010 press release stated:

> Research In Motion Limited (RIM) (Nasdaq: RIMM; TSX: RIM), a world leader in the mobile communications market, today reported record third quarter results for the three months ended November 27, 2010 (all figures in U.S. dollars and U.S. GAAP).
>
> **<u>Highlights:</u>**
>
> - Record BlackBerry® smartphone shipments of 14.2 million grew 40% over the same quarter last year
> - Revenue grew 40% over the same quarter last year to $5.5 billion
> - Q3 Earnings per share of $1.74 were up 58% over the same quarter last year
> - Cash increased by $446 million to $2.5 billion at the end of the quarter
>
> **<u>Q3 Results:</u>**
> Revenue for the third quarter of fiscal 2011 was $5.49 billion, up 19% from $4.62 billion in the previous quarter and up 40% from $3.92 billion in the same quarter of last year. The revenue breakdown for the quarter was approximately 82% for devices, 15% for service, and 3% for software and other revenue. During the quarter, RIM shipped approximately 14.2 million devices.
>
> Approximately 5.1 million net new BlackBerry® subscriber accounts were added in the quarter. At the end of the quarter, the total BlackBerry subscriber account base was over 55 million.
>
> "We are pleased to report another record quarter with strong growth in shipments of BlackBerry smartphones leading to record revenue, subscriber additions and earnings. RIM's business continues to grow and diversify as BlackBerry adoption accelerates in markets around the world," said Jim Balsillie, Co-CEO at Research In Motion. "With strong results and momentum from our recent product introductions, as well as growing excitement from our partners and customers around upcoming smartphone, tablet, software and service offerings, we are setting the stage for continuing success."

> The Company's net income for the quarter was $911.1 million, or $1.74 per share diluted, compared with net income of $796.7 million, or $1.46 per share diluted, in the prior quarter and net income of $628.4 million, or $1.10 per share diluted, in the same quarter last year.
>
> The total of cash, cash equivalents, short-term and long-term investments was $2.47 billion as of November 27, 2010, compared to $2.03 billion at the end of the previous quarter, an increase of $446 million from the prior quarter. Cash flow from operations in Q3 was approximately $975 million. Uses of cash included capital expenditures of approximately $300 million, common share repurchases of approximately $133 million, and intangible asset purchases of approximately $45 million.
>
> **Q4 Outlook:**
> Revenue for the fourth quarter of fiscal 2011 ending February 26, 2011 is expected to be in the range of $5.5-$5.7 billion. Gross margin percentage for the fourth quarter is expected to be similar to third quarter levels. Earnings per share for the fourth quarter are expected to be in the range of $1.74-$1.80 per share diluted.
>
> **Update on RIM's Board of Directors:**
> RIM announced today that its board of directors has appointed co-Chief Executive Officers Jim Balsillie and Mike Lazaridis as co-chairmen of the board. John Richardson remains as lead independent director of RIM and will continue to facilitate the functioning of the board independently of management. The board believes these appointments, in conjunction with Mr. Richardson serving as lead independent director, represent an appropriate and effective leadership structure for RIM. RIM also announced today that Jim Estill has resigned his position as a director of RIM due to a business conflict. RIM thanks Mr. Estill for his 13 years of service on the board.

56. The statements contained in the above-referenced December 16, 2010 press release were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "[w]e are pleased to report another record quarter with strong growth in shipments of BlackBerry smartphones leading to record revenue, subscriber additions and earnings. RIM's business continues to grow and diversify as BlackBerry adoption accelerates in markets around the world" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(b) The statement that "[w]ith strong results and momentum from our recent

product introductions, as well as growing excitement from our partners and customers around upcoming smartphone, tablet, software and service offerings, we are setting the stage for continuing success" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose

market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(c) The statement that "[w]e are pleased to report another record quarter with strong growth in shipments of BlackBerry smartphones leading to record revenue, subscriber additions and earnings. RIM's business continues to grow and diversify as BlackBerry adoption accelerates in markets around the world" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered

smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(d) The statement that "[r]evenue for the fourth quarter of fiscal 2011 ending February 26, 2011 is expected to be in the range of $5.5-$5.7 billion. Gross margin percentage for the fourth quarter is expected to be similar to third quarter levels. Earnings per share for the fourth quarter are expected to be in the range of $1.74-$1.80 per share diluted" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such estimates for at least the following reasons:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

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(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up

57. Following on the heels of the December 16, 2010 press release, RIM also hosted a conference call to discuss its third quarter 2011 financial results and operations on the same day, which was attended by defendants Balsillie and Bidulka and Ebbs. During the conference call, Defendants made numerous positive statements about the Company's business, operations and prospects. Specifically, defendant Balsillie stated, in relevant part, the following:

> RIM is pleased to report a record third quarter, with strong unit shipments, net adds and financials performance and strong outlook for the fourth quarter. This is the sixth consecutive quarter that RIM has reported record shipments. International markets continue to adopt BlackBerry in record numbers and BlackBerry is the number one smartphone in several markets in Western Europe, including the UK. And BlackBerry was the number one smartphone for the third consecutive quarter in Latin America.
>
> * * *
>
> Our relationship with Verizon remains strong and we look forward to rolling out a number of exciting new products and services with this partner over the coming year . . .

* * *

Initial feedback from our customers and partners is overwhelmingly positive [regarding the PlayBook] . . .

* * *

We look forward to rolling out products over the next year reflecting the addition of expertise from QNX and TAT to RIM's already strong software and UI capabilities.

* * *

And so, yes, we have real differentiation and we have real opportunities for extension of the business in a whole bunch of ways. I mean, just the pent-up interest in the Playbook is really overwhelming.

* * *

And so I think we've really had a really good operating model. I mean, I think we've grown profit like 40% this year or something like that.

* * *

So I think we're laying in the pieces here to sustain really exciting growth for a long, long, long time.

* * *

Yes, I mean, North America is still performing very, very well, and at the end of the day, there's different dynamics in North America than there is around the world.

* * *

[W]e have good products, our engagement is good. I feel very, very good about U.S. – I mean, we're meeting with the guys that run all the carriers. We've got plans. Our carrier partner is in place. There's a real desire to do a lot of things, and a lot of these things are locked in, and new things are being planned.

* * *

If you saw the roadmap, and the launches, there's a great roadmap, and there's a whole series of stuff, and a lot of it is really locked in with launches and huge desire for it. So the product roadmap looks great . . .

* * *

[B]ut we feel very, very good about the future, but it's never been busier.

* * *

> Well, I mean, we're pleased the business is growing fast and that we met and exceeded our guidance and that we see a very strong quarter to win right now.

* * *

> [Y]es, I feel very, very good about where we are in the U.S – I feel very, very good about where we are around the world.

* * *

> But do I think we're in a position to really take where we are and extend it further in a sort of sustained basis in the U.S. and abroad? In my view, without a doubt, without a doubt. . . . I mean, we do keep delivering and we're going to keep delivering. So, we're just going to keep it up.

* * *

> So, I think the PlayBook clearly sets the bar way higher on performance. And you're going to see more. I think the enterprise stuff, we're seriously extending. I think the BlackBerry's still number one in social collaboration. And I think with the PlayBook and that environment, we're going to set the new standard on performance and tools, very powerful tools. So, and we're growing very, very fast. So, that's a lot.

* * *

> But I think we're just well ahead on the PlayBook, well ahead internationally, and extending very, very well.

58. The statements contained in the above-referenced December 16, 2010 conference call were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "RIM is pleased to report a record third quarter, with strong unit shipments, net adds and financials performance and strong outlook for the fourth quarter" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such an estimate for at least the following reasons:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(b) The statements that "[i]nternational markets continue to adopt BlackBerry

in record numbers and BlackBerry is the number one smartphone in several markets in Western Europe, including the UK. And BlackBerry was the number one smartphone for the third consecutive quarter in Latin America" and "Yes, I mean, North America is still performing very, very well, and at the end of the day, there's different dynamics in North America than there is around the world" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

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(vi) RIM was still far away from a blockbuster product that could

attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(c) The statement that "[o]ur relationship with Verizon remains strong and we look forward to rolling out a number of exciting new products and services with this partner over the coming year . . ." was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

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(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors; and

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors.

(d) The statements that "[i]nitial feedback from our customers and partners is overwhelmingly positive [regarding the PlayBook] . . ."; "So, I think the PlayBook clearly sets the bar way higher on performance. And you're going to see more. I think the enterprise stuff, we're seriously extending. I think the BlackBerry's still number one in social collaboration. And I think with the PlayBook and that environment, we're going to set the new standard on performance and tools, very powerful tools. So, and we're growing very, very fast. So, that's a lot"; and "But I think we're just well ahead on the PlayBook, well ahead internationally, and extending very, very well" were materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's

software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

(e) The statements that "[w]e look forward to rolling out products over the next year reflecting the addition of expertise from QNX and TAT to RIM's already strong software and UI capabilities"; "And so, yes, we have real differentiation and we have real opportunities for extension of the business in a whole bunch of ways. I mean, just the pent-up interest in the Playbook is really overwhelming"; [W]e have good products, our engagement is good. I feel very, very good about U.S. – I mean, we're meeting with the guys that run all the carriers. We've got plans. Our carrier partner is in place. There's a real desire to do a lot of things, and a lot of these things are locked in, and new things are being planned"; and "If you saw the roadmap, and the launches, there's a great roadmap, and there's a whole series of stuff, and a lot of it is really locked in with launches and huge desire for it. So the product roadmap looks great . . ." were materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors;

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up;

(ix) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(x) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(xi) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(xii) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(xiii) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

(f) The statements that "[a]nd so I think we've really had a really good operating model. I mean, I think we've grown profit like 40% this year or something like that"; "So I think we're laying in the pieces here to sustain really exciting growth for a long, long, long time"; "[B]ut we feel very, very good about the future, but it's never been busier"; "Well, I mean, we're pleased the business is growing fast and that we met and exceeded our guidance and that we see a very strong quarter to win right now"; "[Y]es, I feel very, very good about where we are in the U.S – I feel very, very good about where we are around the world"; and "But do I think we're in a position to really take where we are and extend it further in a sort of sustained basis in the U.S. and abroad? In my view, without a doubt, without a doubt. . . . I mean, we do keep delivering and we're going to keep delivering. So, we're just going to keep it up" were materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing

device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIMM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

59. On the call, defendant Bidulka, also stated that "we are comfortable with the inventory levels across most channels given the demand outlook . . .," which was materially false and misleading because Defendants did not disclose at least the following: that due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up; and that the inventory was out of date and a substantial part of it was unsalable.

60. On the call, Ebbs, also stated, in relevant part, the following:

> We expect to ship between 14.5 million and 15 million units in the fourth quarter of fiscal '11 and for revenue to be in the range of $5.5 billion to $5.7 billion. This growth is attributable to ongoing strong shipments in December to support demand throughout the holiday season, new product launches of Torch, Bold 9780 and Curve 3G in markets around the world and ongoing strong demand for existing products, such as Curve 8520.
>
> * * *
>
> We expect gross margin for the fourth quarter to be similar to Q3 levels and we continue to target gross margins in the low 40s as we head into fiscal '12.
>
> * * *
>
> And then we also have a lot of launch happening, and we talked about 75 carriers launching Torch and 100, and whatever launching Curve 3G, and there were other launches in there like Sprint with Style.

61. The statements contained in the above-referenced December 16, 2010 conference call were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "[w]e expect to ship between 14.5 million and 15 million units in the fourth quarter of fiscal '11 and for revenue to be in the range of $5.5 billion to $5.7 billion. This growth is attributable to ongoing strong shipments in December to support demand throughout the holiday season, new product launches of Torch, Bold 9780 and Curve 3G in markets around the world and ongoing strong demand for existing products, such as Curve 8520" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such estimates for at least the following reasons:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(b) The statement that "[w]e expect gross margin for the fourth quarter to be similar to Q3 levels and we continue to target gross margins in the low 40s as we head into fiscal '12" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such estimates for at least the following reasons:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

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(c) The statement that "[a]nd then we also have a lot of launch happening, and

we talked about 75 carriers launching Torch and 100, and whatever launching Curve 3G, and there were other launches in there like Sprint with Style" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

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(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

62. On December 17, 2010, RIM filed with the SEC its Form 6-K for the three and nine months ended November 27, 2010, signed by defendant Bidulka. The Company's Form 6-K reiterated the Company's financial results, and contained Form 52-109F2 certifications of interim filings signed by defendants Lazaridis, Balsillie, and Bidulka, which stated that the Form 6-K filings "do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings." This statement was materially false and misleading because Defendants did not disclose that the Form 6-K was materially false and misleading because Defendants did not disclose at least the following:

(a) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(d) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(e) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(f) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(g) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors;

(h) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up; and

(i) any estimates regarding financial performance and expected earnings lacked a reasonable basis when made.

63. In the Form 6-K, with respect to the gross margin, the Company stated:

> The Company expects consolidated gross margin in the fourth quarter of fiscal 2011 to be similar to levels experienced in the third quarter of fiscal 2011 based on the Company's current expectation for product mix, device ASP, current product costs and foreign exchange.

64. The statement referenced above from the Form 6-K was materially false and misleading when made because Defendants lacked a reasonable basis to provide such an estimate for at least the following reasons:

(a) the Company's existing product line was aging and the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(i) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(ii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iii) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(iv) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(v) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vi) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(vii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

65. Following the third quarter results, an article from Tech Business Today, entitled "*Rim Shares Up After Strong Q3 Earnings Report*," stated that "Research in Motion's third-quarter report . . . certainly shows a company currently in a strong financial position."

66. On January 6, 2011, RIM issued a press release, entitled "*RIM Previews BlackBerry PlayBook Tablet at CES 2011*." The press release emphasized the PlayBook's features and discuss the initial feedback. Specifically, the press release stated:

> Research In Motion (NASDAQ: RIMM; TSX: RIM) will preview the upcoming, highly-anticipated BlackBerry® PlayBook™ tablet at the 2011 Consumer

> Electronics Show (CES) from Thursday, January 6 to Sunday, January 9. Attendees can visit the BlackBerry booth (#30320 in the South Hall) to check out the powerful new tablet in action.
>
> With industry leading performance, uncompromised web browsing, true multitasking, HD multimedia, advanced security features, out-of-the-box enterprise support and a robust development platform, the BlackBerry PlayBook is the world's first professional-grade tablet.
>
> "Initial feedback about the BlackBerry PlayBook has been outstanding," said Mike Lazaridis, President and Co-CEO at Research In Motion. "Our strategic decision to invest in groundbreaking performance, web fidelity and an open web-based development environment is resonating extremely well with customers and developers."

67. The statements contained in the above-referenced January 6, 2011 press release were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "[w]ith industry leading performance, uncompromised web browsing, true multitasking, HD multimedia, advanced security features, out-of-the-box enterprise support and a robust development platform, the BlackBerry PlayBook is the world's first professional-grade tablet" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's

software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

(b) The statement that "[i]nitial feedback about the BlackBerry PlayBook has been outstanding" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

68. On March 22, 2011, the Company issued a press release, entitled "*RIM Announces Retail Channels for BlackBerry PlayBook*," in which defendant Lazaridis described

the PlayBook as "an amazing tablet that is already being widely praised." Specifically, the press release stated:

> Research In Motion (RIM) (NASDAQ: RIMM; TSX: RIM) today announced plans to make the highly-anticipated BlackBerry® PlayBook™ tablet available in more than 20,000 retail outlets in the U.S. and Canada.
>
> "The BlackBerry PlayBook is an amazing tablet that is already being widely praised as a multi-tasking powerhouse with an uncompromised web experience and an ultra-portable design," said Mike Lazaridis, President & Co-CEO, Research In Motion. "Given the high level of customer interest in the BlackBerry PlayBook, we are particularly pleased to be working with such an amazing lineup of retail partners."
>
> The BlackBerry PlayBook delivers professional-grade, consumer-friendly experiences that redefine the possibilities of mobile computing. This ultra-portable tablet looks and feels great, measuring less than half an inch thick and weighing less than a pound. It features a vivid 7-inch high-resolution display that is highly-responsive with a fluid touch screen experience. It also offers industry leading performance, uncompromised web browsing with support for Adobe® Flash® Player 10.1, true multitasking, HD multimedia, advanced security features, out-of-the-box enterprise support and a robust development environment.
>
> The BlackBerry PlayBook with Wi-Fi will be available in three models and will feature a Manufacturer's Suggested Retail Price (MSRP) starting at $499 in the United States and Canada. The lineup of retailers and wireless carriers currently expected to carry the BlackBerry PlayBook in the United States and Canada includes the following companies . . .

69. The statements contained in the above-referenced March 22, 2011 press release were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "[t]he BlackBerry PlayBook is an amazing tablet that is already being widely praised as a multi-tasking powerhouse with an uncompromised web experience and an ultra-portable design" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus,

would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

(b) The statement that "[t]he BlackBerry PlayBook delivers professional-grade, consumer-friendly experiences that redefine the possibilities of mobile computing. This ultra-portable tablet looks and feels great, measuring less than half an inch thick and weighing less than a pound. It features a vivid 7-inch high-resolution display that is highly-responsive with a fluid touch screen experience. It also offers industry leading performance, uncompromised web browsing with support for Adobe® Flash® Player 10.1, true multitasking, HD multimedia, advanced security features, out-of-the-box enterprise support and a robust development environment" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and

other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

70. On March 24, 2011, the Company issued a press release, entitled "*RIM Expands Application Ecosystem for BlackBerry Playbook*." The press release stated:

> Developers wanting to bring their new and existing apps to the highly anticipated BlackBerry® PlayBook™ tablet will soon have additional tools and options to enhance and expand their commercial opportunities. Research In Motion (RIM) (Nasdaq: RIMM; TSX: RIM) today announced plans to greatly expand the application ecosystem for the BlackBerry PlayBook. The BlackBerry PlayBook is scheduled to launch in the U.S. and Canada on April 19.
>
> RIM will launch two optional "app players" that provide an application run-time environment for BlackBerry Java® apps and Android v2.3 apps. These new app players will allow users to download BlackBerry Java apps and Android apps from BlackBerry App World and run them on their BlackBerry PlayBook.
>
> In addition, RIM will shortly release the native SDK for the BlackBerry PlayBook enabling C/C++ application development on the BlackBerry® Tablet OS. For game-specific developers, RIM is also announcing that it has gained support from two leading game development tooling companies, allowing developers to use the cross-platform game engines from Ideaworks Labs and Unity Technologies to bring their games to the BlackBerry PlayBook.
>
> **Support for BlackBerry Java and Android Apps**

“The BlackBerry PlayBook is an amazing tablet. The power that we have embedded creates one of the most compelling app experiences available in a mobile computing device today,” said Mike Lazaridis, President and Co-CEO at Research In Motion. “The upcoming addition of BlackBerry Java and Android apps for the BlackBerry PlayBook on BlackBerry App World will provide our users with an even greater choice of apps and will also showcase the versatility of the platform.”

Developers currently building for the BlackBerry or Android platforms will be able to quickly and easily port their apps to run on the BlackBerry Tablet OS thanks to a high degree of API compatibility. The new optional app players will be available for download from BlackBerry App World and will be placed in a secure “sandbox” on the BlackBerry PlayBook where the BlackBerry Java or Android apps can be run.

Developers will simply repackage, code sign and submit their BlackBerry Java and Android apps to BlackBerry App World. Once approved, the apps will be distributed through BlackBerry App World, providing a new opportunity for many developers to reach BlackBerry PlayBook users. Users will be able to download both the app players and the BlackBerry Java and Android apps from BlackBerry App World.

The BlackBerry PlayBook and BlackBerry Tablet OS are built on the QNX® Neutrino® microkernel architecture with a 1GHz dual core processor and a leading OpenGL solution, which allows RIM to make this incredibly broad platform support possible.

BlackBerry PlayBook users and developers who are interested in seeing the new app players for BlackBerry Java and Android apps can see demos at BlackBerry World in Orlando, Florida (May 3 to 5, 2011) (www.BlackBerryworld.com).

BlackBerry Tablet OS Development Tools

The BlackBerry Tablet OS already supports an incredibly robust platform with support for Web development standard HTML5, through the BlackBerry® WebWorks™ SDK for Tablet OS, and Adobe® AIR®, through the BlackBerry Tablet OS SDK for Adobe AIR. The BlackBerry Tablet OS is built from the ground up to run WebKit and Adobe® Flash® as well, giving developers a fast and true Web experience to leverage.

RIM is also announcing today that the BlackBerry Tablet OS Native Development Kit (NDK), which is currently in limited alpha release, will go into open Beta by this summer and be demonstrated at BlackBerry World. The BlackBerry Tablet OS NDK will allow developers to build high-performance, multi-threaded, native C/C++ applications with industry standard GNU

toolchains. Developers can create advanced 2D and 3D applications and special effects by leveraging programmable shaders available in hardware-accelerated OpenGL ES 2.0.

Other features of the BlackBerry Tablet OS NDK will allow developers to:

· Take advantage of the QNX POSIX library support and C/C++ compliance for quick and easy application porting and for creating native extensions for both BlackBerry and Android applications
· Easily integrate device events like gesture swipes and touch screen inputs

"The response to the BlackBerry PlayBook from the developer community has been exceptional. Our commitment to supporting HTML5 and Adobe AIR development has resonated and spurred developers to create fun and innovative applications for BlackBerry PlayBook users," said David Yach, Chief Technology Officer, Software at Research In Motion. "The upcoming BlackBerry Tablet OS NDK beta will add C/C++ tools to our repertoire and gives developers one of the broadest and deepest platforms to develop on."

Gaming Engines

Building on the power of the BlackBerry Tablet OS NDK, RIM is working with leading gaming and application development technology providers such as Ideaworks Labs and Unity Technologies to implement their native engines and application development platforms. Developers will be able to take advantage of these engines when building games and other applications for the BlackBerry PlayBook.

The Ideaworks Labs Airplay SDK is expected to include support for the BlackBerry Tablet OS soon, making it easy for publishers and developers to use their existing code to bring their games and apps to the BlackBerry PlayBook.

"Supporting a new OS can be a challenge for developers," says Alex Caccia, President of Ideaworks Labs, "however, integration of the BlackBerry Tablet OS with the Airplay SDK makes this a non-issue. We think this is a far-sighted move by RIM: the BlackBerry PlayBook is a great device for games and applications, and combining this with content distribution via BlackBerry App World brings an exciting new ecosystem for developers."

RIM has also been working closely with Unity Technologies, providers of the highly popular, multi-platform Unity development platform and Union, the firm's games distribution service. Through Union, dozens of high-quality Unity-authored games are slated to make their way to BlackBerry App World for the BlackBerry Playbook.

"With a sharp focus on the multimedia experience, very powerful hardware, and fantastic games in the pipeline, the BlackBerry Playbook has all the right ingredients to be a mainstream hit," said Brett Seyler, GM of Union at Unity Technologies. "Through Union, Unity developers have an opportunity to reach a new audience and grow with another great new platform."

Availability
The new app players for the BlackBerry PlayBook are expected to be available from BlackBerry App World this summer. More information and demonstrations of the new app players will be shared at BlackBerry World. The BlackBerry Tablet OS NDK will be available in beta later this year and will also be showcased at BlackBerry World.

71. The statements contained in the above-referenced March 24, 2011 press release were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "[t]he BlackBerry PlayBook is an amazing tablet. The power that we have embedded creates one of the most compelling app experiences available in a mobile computing device today" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of

approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

(b) The statement that "[w]ith a sharp focus on the multimedia experience, very powerful hardware, and fantastic games in the pipeline, the BlackBerry Playbook has all the right ingredients to be a mainstream hit" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

72. On March 24, 2011, the Company issued a press release, entitled "*Research in Motion Reports Year-End and Fourth Quarter Results from Fiscal 2011*," summarizing its financial results for the three months and fiscal year 2011, ended February 26, 2011. Again, the

Company reported record device shipments of 52.3 million for the year, up 43% over fiscal 2010. The Company also announced very healthy revenue growth of 33% over fiscal 2010 and earnings per share growth to $6.34 per share, up 47% over 2010. Specifically, the March 24, 2011 press release stated:

> Research In Motion Limited (RIM) (Nasdaq: RIMM; TSX: RIM), a world leader in the mobile communications market, today reported fourth quarter results for the three months and fiscal year ended February 26, 2011 (all figures in U.S. dollars and U.S. GAAP).
>
> **Highlights:**
>
> - Record BlackBerry® smartphone shipments of 52.3 million grew 43% over fiscal 2010
> - Fiscal 2011 revenue grew 33% over fiscal 2010 to $19.9 billion and earnings per share grew 47% over the prior fiscal year to $6.34 per share diluted
> - Ongoing investment in PlayBook and QNX-based platform development in Q1 with PlayBook launch date of April 19th
> - BlackBerry was the number one selling smartphone brand in the United States, Canada1, Latin America1 and the UK for calendar 2010
>
> **Q4 and Fiscal 2011 Results:**
> Revenue for the fiscal year ended February 26, 2011 was $19.9 billion, up 33% from $15 billion last year. Revenue for the fourth quarter of fiscal 2011 was $5.6 billion, up 1% from $5.5 billion in the previous quarter and up 36% from $4.1 billion in the same quarter of last year. The revenue breakdown for the quarter was approximately 81% for devices, 16% for service, and 3% for software and other revenue. During the quarter, RIM shipped approximately 14.9 million BlackBerry smartphones for a total of 52.3 million smartphones in fiscal 2011.
>
> "We are pleased to report record shipments and financial performance in fiscal 2011," said Jim Balsillie, Co-CEO at Research In Motion. "As we enter fiscal 2012, RIM is in an excellent position to benefit from the continuing convergence of the mobile communications and mobile computing markets. We are laying a strong foundation for RIM's expanding market opportunity through focused investments and we are extremely excited about our smartphone, tablet and platform roadmaps."
>
> Net income for fiscal 2011 was $3.4 billion, or $6.34 per share diluted, up 47% over fiscal 2010. The Company's net income for the quarter was $934 million, or $1.78 per share diluted, compared with net income of $911 million, or $1.74 per share diluted, in the prior quarter and net income of $710 million, or $1.27 per share diluted, in the same quarter last year.

> The total of cash, cash equivalents, short-term and long-term investments was $2.7 billion as of February 26, 2011, compared to $2.5 billion at the end of the previous quarter, an increase of $227 million from the prior quarter. Cash flow from operations in Q4 was approximately $1.0 billion. Uses of cash included intangible asset additions of approximately $365 million, capital expenditures of approximately $304 million and business acquisitions of approximately $161 million.
>
> **FY2012 and Q1 Outlook:**
> For the full year fiscal 2012, RIM expects earnings per share to be in excess of $7.50 fully diluted. Revenue for the first quarter of fiscal 2012 ending May 28, 2011 is expected to be in the range of $5.2-$5.6 billion. Gross margin percentage for the first quarter is expected to be approximately 41.5%. Earnings per share for the first quarter are expected to be in the range of $1.47-$1.55 per share diluted. This guidance range reflects a mix shift in handset towards lower ASP products in the first quarter and an increased level of investment in Research and Development and Sales and Marketing related to our tablet and platform initiatives. The guidance range is slightly wider than normal to reflect the risk of potential disruption in RIM's supply chain as a result of the recent earthquake in Japan.

73. The statements contained in the above-referenced March 24, 2011 press release were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statements that "[w]e are pleased to report record shipments and financial performance in fiscal 2011" and "[a]s we enter fiscal 2012, RIM is in an excellent position to benefit from the continuing convergence of the mobile communications and mobile computing markets. We are laying a strong foundation for RIM's expanding market opportunity through focused investments and we are extremely excited about our smartphone, tablet and platform roadmaps" were materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously

attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(b) The statement that "[f]or the full year fiscal 2012, RIM expects earnings per share to be in excess of $7.50 fully diluted. Revenue for the first quarter of fiscal 2012 ending May 28, 2011 is expected to be in the range of $5.2-$5.6 billion. Gross margin percentage for the first quarter is expected to be approximately 41.5%. Earnings per share for the first quarter are expected to be in the range of $1.47 -$1.55 per share diluted. This guidance

range reflects a mix shift in handset towards lower ASP products in the first quarter and an increased level of investment in Research and Development and Sales and Marketing related to our tablet and platform initiatives" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such estimates for at least the following reasons:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

74. On March 24, 2011, the Company also convened a conference call to discuss its financial results for the fourth quarter and year ended February 26, 2011, which was attended by defendants Balsillie and Bidulka and Ebbs. During that conference call, Defendants disclosed for the first time that due to the maturity of the BlackBerry product line, the Company was not forecasting any near term improvements during the first quarter in North America. According to defendant Balsillie:

> The smartphone environment in North America remains very competitive. ***Given the maturity of the BlackBerry product portfolio in this market we are not forecasting a near term improvement in North American growth in the first quarter.*** Though we believe that the launch of new handsets beginning in Q2 and into the second half of the year, as well as the positive halo from the PlayBook launch, there is an opportunity for improved growth in North America both through attracting new customers to the BlackBerry platform and generating a significant upgrade cycle among our existing loyal customer base.
>
> * * *
>
> By the end of Q1, PlayBook will have been in the North American market only five to six weeks, ***and there are no other product launches to drive top line growth in this quarter.*** We expect this to change in Q2 and Q3 when new BlackBerry smartphones are scheduled to launch and PlayBook rolls out internationally, leading to renewed revenue growth.

75. Also, Ebbs followed up by stating:

> I mean, in terms of inventory, I mean, we said last quarter that we're pretty comfortable. I mean, certain places had higher inventory than others, but we also had a very back-end loaded quarter. Inventories came down slightly this quarter. Were there elements of maybe some folks having enough inventory some places? Sure. But I think a lot of it's also we're just heading into a new product cycle. ***As I said, a lot of the products have been in markets where we have quite a long life on a lot of our products***. And as we get ready transition to new ones in Q2 and beyond, then there's just less demand in terms of taking more channels at that time, right? They don't want to take as much inventory. So I mean, that's also a factor for sure.

76. However, at the same time, defendant Balsillie stated that "[w]e don't see the Q1 decline in sequential earnings per share as a beginning of a trend but rather as a period of transition." This statement was materially false and misleading when made because Defendants failed to disclose at least the following:

(a) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(d) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(e) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(f) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(g) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(h) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

77. Defendants also tried to minimize the impact of this partial disclosure by emphasizing a 43% increase in smartphone shipments and 33% revenue growth in fiscal 2011. Specifically, defendant Balsillie stated, in relevant part, the following:

> 2011 was a record year for RIM and we are pleased to report strong growth, and revenue shipments and earnings per share for the fourth quarter and full year.
>
> In fiscal 2011, BlackBerry smartphone shipments grew 43%, revenue grew 33% and earnings per share grew 47% over the prior year. The adoption of BlackBerry smartphones in international markets continues to expand, and BlackBerry was named the number one selling smartphone for 2010 in several markets, including the United Kingdom, Netherlands and Latin America.

78. The statement contained in the above-referenced March 24, 2011 conference call that "[t]he adoption of BlackBerry smartphones in international markets continues to expand, and BlackBerry was named the number one selling smartphone for 2010 in several markets, including the United Kingdom, Netherlands and Latin America" was materially false and misleading when made because Defendants did not disclose at least the following:

(a) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(d) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(e) revenues and margins for the Company's smartphone devices continued to

deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(f) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(g) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(h) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

79. Defendant Balsillie also made other positive statements regarding product introductions and growth:

> The launch of the PlayBook will be the most significant development for RIM since -- may well be the most significant development for RIM since the launch of the first BlackBerry device back in 1999**,** not just because it is a hugely powerful new product that opens the door to an emerging high-growth market segment, but also because it is the birth of a new future-proof architecture based on a QNX OS that is expected to benefit not only future tablet products, but also future BlackBerry smartphones.

* * *

> [W]e are confident that that fiscal 2012 will be another strong year of revenue and earnings growth for RIM.

* * *

> Yes, I mean, I'll just be blunt. I mean, we have just really an outstanding set of new product introduction, which is cutting over new architectures. And the capability of these, we haven't talked about, but it's a major, major step-up. And it comes in Q2. So we're cutting over – we're really cutting over, that's the time of enormous investment and transition. The interest in the new devices and new platforms for those of you that have been able to find it out is extraordinarily high, and the interest in the PlayBook we all know, and we're cutting over to new platforms. So quite frankly, it's a time of cutting over and it's a heavy cutting-over time. And in the core market in North America, this is going to be a key part of growth.

* * *

> And when you see these new products, or maybe you've gleaned it from ways you shouldn't, they're phenomenal. And the PlayBook, you've seen the interest is fantastic, and it's really a no-compromise environment. You get the performance and you get the tonnage of apps and you get the uncompromised web and you get -- CIOs are pleased by its enterprise greatness. It is a hot, hot capability. And then we talked about this cutting-over to being on super-phones. So we feel fantastic about the future of the company and its prospects. I'll put it in a simple word: It's transition, and that's what it is, and that's why you see the volume of units being what they are. But we still are forecasting to grow substantially this year, we're coming off another great year of growth and we're investing very heavily, because opening up a new category, bringing in new platform, it's just not a time for half measures.

* * *

> When you see the platforms, when you see the performance, you'll see why we're so bullish on the company and its current prospects for this fiscal year.

* * *

> We feel this is a winner. And the most important thing about the product is get it out as soon as possible but make sure it's stable. And that's the tension. We believe it's stable by April 19, it's got a great over-the-air utility for upgrading, it's got so many things that just future-proof it, you got to get it done and get it out and make sure it's stable, and that's why we're being very prudent on the timing. But it's a winner. It's such a winner.

80. The statements contained in the above-referenced March 24, 2011 conference call were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statements that "[t]he launch of the PlayBook will be the most significant development for RIM since -- may well be the most significant development for RIM since the launch of the first BlackBerry device back in 1999, not just because it is a hugely powerful new product that opens the door to an emerging high-growth market segment, but also because it is the birth of a new future-proof architecture based on a QNX OS that is expected to benefit not only future tablet products, but also future BlackBerry smartphones"; "And the

PlayBook, you've seen the interest is fantastic, and it's really a no-compromise environment. You get the performance and you get the tonnage of apps and you get the uncompromised web and you get -- CIOs are pleased by its enterprise greatness. It is a hot, hot capability"; and "We feel this is a winner. . . . We believe it's stable by April 19. . . .But it's a winner. It's such a winner" were materially false and misleading when made because Defendants did not disclose at least the following:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

(b) The statements that "we are confident that that fiscal 2012 will be another strong year of revenue and earnings growth for RIM"; "[w]hen you see the platforms, when you see the performance, you'll see why we're so bullish on the company and its current prospects for this fiscal year"; and "So we feel fantastic about the future of the company and its prospects.

I'll put it in a simple word: It's transition, and that's what it is, and that's why you see the volume of units being what they are. But we still are forecasting to grow substantially this year" were materially false and misleading when made because Defendants lacked a reasonable basis for their statements and did not disclose at least the following:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors;

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(c) The statements that "Yes, I mean, I'll just be blunt. I mean, we have just really an outstanding set of new product introduction, which is cutting over new architectures. And the capability of these, we haven't talked about, but it's a major, major step-up" and "And when you see these new products, or maybe you've gleaned it from ways you shouldn't, they're phenomenal. . . ." were materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vi) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors;

(vii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up;

(viii) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ix) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(x) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(xi) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(xii) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

81. As for the outlook for the first quarter and fiscal 2012, defendant Balsillie stated the following:

> We expect to ship between 13.5 million and 14.5 million BlackBerry smartphones for the first quarter.
>
> * * *
>
> Q1 revenue guidance of $5.2 billion to $5.6 billion reflects expected PlayBook shipments as well as a shift in the mix of handset towards lower ASP entry-level devices, such as the Curve 8520.
>
> * * *

> Corporate gross margin percentage for Q1 is expected to be approximately 41.5%, and gross margin in RIM smartphone and related software and services business is expected to remain at or above 40% throughout fiscal 2012.
>
> * * *
>
> Based on the current product road map and supply chain outlook . . . we currently expect to grow fully diluted earnings to over $7.50 per share in this fiscal year, fiscal year 2112 (sic).
>
> * * *
>
> [W]e are confident that fiscal 2012 will be another strong year of revenue and earnings growth for RIM.

82. The statements contained in the above-referenced March 24, 2011 conference call regarding the outlook for fiscal 2012 and the first quarter were materially false and misleading when made because Defendants lacked a reasonable basis to provide such estimates for at least the following reasons:

(a) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(d) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(e) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off

precipitously as a result of competition from the iPhone and Android-powered smartphones;

(f) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(g) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(h) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

83. As to the guidance, Ebbs disclosed that "[w]e are forecasting ASP on our handset portfolio to be lower in Q1 than Q4 due to product mix shifting more towards lower-priced handsets that support the strong growth in prepaid and entry-level markets as well as the late stage of product life cycle of certain products as we approach the launch of next-generation versions of these products and handsets in Q2 and beyond." However, at the same time, Ebbs also stated that "we're expecting a pretty big step-up in growth, and as we launch these new products, that would be the primary driver." This latter statement was materially false and misleading because Defendants lacked a reasonable basis for their estimate and failed to disclose at least the following:

(a) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United

States and Latin America;

(d) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(e) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(f) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(g) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(h) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up; and

84. On March 25, 2011, Deutsche Bank downgraded shares of RIM stock from "hold" to "sell." Deutsche Bank also reduced the Company's price target from $60.00 to $50.00, in response to "disappointing results and guidance." Deutsche Bank further discussed RIM's fourth quarter 2011 results, stating, in relevant part, the following:

> We have remained neutral on the stock, in part, on the view that their new QNX OS could prove to be a viable competitor. We no longer see it this way. RIM will fragment itself as they support multiple run-times. The company also looks set to see meaningful margin compression as gross margins for the Playbook dilute corporate averages and they grow opex to support the new products. With no QNX on handsets until CY12, we think RIM will likely continue to lose share to Android smartphones whose prices are rapidly falling.

85. Similarly on March 25, 2011, analysts at Robert W. Baird downgraded RIM from

a "neutral" rating to an "underperform" rating and reduced their price target for RIM from $60.00 to $47.00.

86. Tal Liani from Bank of America/Merrill Lynch also downgraded RIM from "buy" to "hold," stating:

> We basically disagree with almost everything management stated on their call and believe margins will continue to decline; management's expectations for new product sales are too high; portfolio will likely remain poor until 2012; and finally, FY 12 EPS guidance is too aggressive and therefore model more conservatively . . . Management tends to over-promise, but we have heard about exciting products for the past two years, while the reality is leaning more towards sub-par products that are selling poorly and the only ray of light is in places where RIM competes on price, in the low end market.

87. Pierre Ferragu from Bernstein Research maintained his "underweight" rating and $45 target, stating "North American sales continued to decline sequentially and the company continues to expect weak sales in the region in the short term . . . This supports our conviction that the BlackBerry brand is broken on its high-end historic segments. Management recognized BlackBerry was suffering from competition in the U.S. for the first time last night…"

88. In response to the Company's disappointing fourth quarter and fiscal 2011 financial results and guidance, as well as multiple analyst downgrades and comments, the share price of RIM securities dropped 11.2%, or $7.20 per share on March 25, 2011, on unusually heavy trading volume of over 53 million shares.

89. On March 29, 2011, the Company filed with the SEC its Annual Information Form for the fiscal year ended February 26, 2011, attached to its Form 40-F. The financial results reported in the Form 40-F were substantially similar to those reported in the Company's March 24, 2011 press release. The Form 40-F contained required Sarbanes-Oxley certifications signed by defendants Balsillie, Bidulka, and Lazaridis stating that the Form 40-F did not include

any material misrepresentations. The Form 40-F was signed by defendant Bidulka.

90. The Form 40-F discussed the Company's gross margin, stating, in part, the following:

> The Company expects consolidated gross margin to be approximately 41.5% in the first quarter of fiscal 2012, primarily as a result of the product mix shifting towards lower priced handsets to support growth in prepaid and entry level markets as well as the late stage of the product life cycle for the Company's current portfolio of smartphones as the Company anticipates the planned launch of next generation versions of smartphones in the second quarter and beyond.

91. The statement regarding gross margin contained in the above-referenced Form 40-F was materially false and misleading when made because Defendants lacked a reasonable basis for their estimate and failed to disclose at least the following:

(a) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(d) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(e) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(f) RIM was still far away from a blockbuster product that could attract

customers in the smartphone market away from its competitors;

(g) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(h) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

92. The Form 40-F also discussed the Company's production, stating, in part, the following:

> RIM is well positioned in 2011 to continue its commitment to support the fulfillment requirements of carrier customers seeking a reliable supply of BlackBerry smartphones. It is expected this contribution will continue to be significant and will grow incrementally as RIM pursues its objective to provide cost-effective and innovative access device solutions across the entire range of current wireless network standards.

93. The statements contained in the above-referenced Form 40-F were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "RIM is well positioned in 2011 to continue its commitment to support the fulfillment requirements of carrier customers seeking a reliable supply of BlackBerry smartphones" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability,

resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(b) The statement that "[i]t is expected this contribution will continue to be significant and will grow incrementally as RIM pursues its objective to provide cost-effective and innovative access device solutions across the entire range of current wireless network standards" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such an estimate for at least the following reasons:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously

attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

94. An April 13, 2011 Wall Street Journal article entitled, "*PlayBook: A Tablet with a Case of Codependency*," stating, in relevant part, the following regarding the PlayBook:

> RIM says it is planning to add built-in cellular data, email, contacts, calendar and the other missing core features to the PlayBook this summer, via software updates. ***But until then, I can't recommend the PlayBook over a fully standalone tablet, except possibly for folks whose BlackBerrys never leave their sides.***

* * *

> There are other reasons for my hesitation. For one, unlike the iPad, which can run almost all of the 350,000 iPhone apps, ***the PlayBook can't run any of the 27,000 BlackBerry apps. It will launch with only about 3,000 apps designed for tablets, compared with 65,000 tablet-optimized iPad apps.***

* * *

> ***I got the strong impression RIM is scrambling to get the product to market, and that it will be adding other features already offered on competing devices for months, through software patches.***

95. On April 14, 2011, a New York Times article, entitled "*Review of Reviews: The BlackBerry PlayBook*," discussed initial reviews of the PlayBook:

> As the reviews have started to roll in, most technology critics seem to like the hardware of the new PlayBook, ***but are unimpressed with the software and apps on the new tablet.*** Whether consumers feel the same is yet to be decided, ***but R.I.M. is going to have some tough competition from the Apple iPad***, which is currently estimated to own 87 percent of the embryonic tablet market.

* * *

> Tim Stevens of Engadget is impressed by the design and hardware of the PlayBook, ***but says the software is lacking in a number of areas*** . . .

* * *

> The New York Times' David Pogue, loves some of the PlayBook features, ***but warns that its lack of apps could hurt consumer adoption*** . . .

96. On April 15, 2011, a Market Playground.com article, entitled "*Research in Motion's BlackBerry PlayBook Not Ready for Prime Time*," stated, in part, the following:

> ***But reviewers say the product has been rushed to market and the browser crashed often during testing***. The choice of apps is small and there's no built-in email in the device: you must tether to a BlackBerry phone.

* * *

> The fact that the device crashes frequently lead reviewers to conclude it was rushed to market and not yet ready for prime time.

97. On April 19, 2011, a Market Playground.com article, entitled "*Research in Motion's BlackBerry PlayBook Tablet Faces Uphill Battle*," stated, in part, the following:

> Maker of the PlayBook, Research in Motion (RIM), took a 3 percent hit on its stock price during last Thursday as reviewers ***claimed the 7-inch Playbook seemed rushed to market. The PlayBook's software is prone to crashes, and the device lacks a wide selection of apps until this summer. And it lacks built-in email–you must tether it to a BlackBerry phone to read your email, they said.***

98. On April 28, 2011, RIM issued a press release, entitled "*Research In Motion Provides Updated Q1 Guidance*," which disclosed lowered first quarter 2012 guidance for the three months ended May 28, 2011. Specifically, the April 28, 2011 press release stated:

> Research In Motion Limited (RIM) (Nasdaq: RIMM; TSX: RIM) today provided an update on its financial guidance for the first quarter of fiscal 2012 ending May 28, 2011 (all figures in U.S. dollars and U.S. GAAP).
>
> RIM now expects fully diluted earnings per share for Q1 to be in the range of $1.30-$1.37, lower than the range of $1.47-$1.55 previously forecasted by RIM on March 24, 2011. This shortfall is primarily due to shipment volumes of BlackBerry smartphones that are now expected to be at the lower end of the range of 13.5-14.5 million forecasted in March and a shift in the expected mix of devices shipped towards handsets with lower average selling prices. Gross margin for the first quarter is expected to be similar to the 41.5% previously guided. This mix shift is also expected to result in revenue that is slightly below the range of $5.2-5.6 billion guided on March 24. Expected shipments of BlackBerry PlayBook in the quarter continue to be in line with our previous expectations and we have not experienced any significant supply disruptions in Q1 due to the impact of the Japan earthquake.
>
> RIM expects to achieve full year fully diluted earnings per share of approximately $7.50, which reflects anticipated strong revenue growth in the third and fourth quarters of the fiscal year driven primarily by the launches of new BlackBerry smartphone products and prudent cost management.

99. The statements contained in the above-referenced April 28, 2011 press release were materially false and misleading when made because Defendants misrepresented and failed to disclose at least the following:

(a) The statement that "[t]his shortfall is primarily due to shipment volumes

of BlackBerry smartphones that are now expected to be at the lower end of the range of 13.5-14.5 million forecasted in March and a shift in the expected mix of devices shipped towards handsets with lower average selling prices" was materially false and misleading when made because Defendants did not disclose at least the following:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

(b) The statement that "RIM expects to achieve full year fully diluted earnings per share of approximately $7.50, which reflects anticipated strong revenue growth in the third and fourth quarters of the fiscal year driven primarily by the launches of new BlackBerry smartphone products and prudent cost management" was materially false and misleading when made because Defendants lacked a reasonable basis to provide such estimates for at least the following reasons:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) as the Company failed to bring new products to the market, it was forced to rely on sales of older-model smartphones, which commanded a far-lower retail price than newer, but delayed, offerings;

(v) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(vi) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(vii) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(viii) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would be down and inventory would be up.

100. Following issuance of the press release on April 28, 2011, RIM hosted a conference call to discuss its updated first quarter 2011 guidance, which was attended by defendants Bidulka and Balsillie, and Ebbs. During the call, defendant Bidulka disclosed the lower than expected shipments in the first quarter due to delays in new product introductions and the age of BlackBerry's smartphone portfolio, stating, in part, the following:

> The age of the BlackBerry smartphone portfolio currently in market, coupled with delays in new product introductions, are leading to lower than expected sell through than we anticipated, particularly in the US and Latin America which is keeping levels of channel inventory higher than expected resulting in lower than expected shipments for the first quarter.

101. Defendant Bidulka also stated:

> [W]e now expect fully diluted earnings per share for Q1 to be in the range of $1.30 to $1.37, lower than the range of $1.47 to $1.55 we forecasted on March 24th. This shortfall is due to a number of factors, primarily lower-than-expected shipment volumes of BlackBerry smartphones that will be closer to the low end of our previously guided range as well as an unfavorable mix shift towards lower ASP handsets versus our forecasted mix back in March. . . . As a result of this mix shift revenue is also expected to be slightly below the range of $5.2 billion to $5.6 billion guided on the last call.

102. However, to minimize the effect of the lowering guidance, defendant Bidulka stated that "we're in a great position and we're going to work hard and execute into it." This statement was materially false and misleading when made because Defendants lacked a reasonable basis for their statement for at least the following reasons:

(a) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(b) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(c) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(d) revenues and margins for the Company's smartphone devices continued to deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(e) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(f) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(g) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would continue to be down and inventory would continue to be up.

103. Further, defendant Balsillie stated that: "[a]s we've said before, we reiterate, we feel great about the BlackBerry platform. We feel great about what we're calling 7.0 and the PlayBook and how those products and the issue is that there is an aging that happens in your higher-end products and it affects mix and it affects margin." He also stated that "we feel very excited about our future products and this is a transition between the existing architecture and the new architecture." These statements were materially false and misleading when made because

Defendants failed to disclose at least the following:

(a) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(b) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(c) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(d) there were other software glitches that would require a recall of approximately 1,000 PlayBooks;

(e) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook;

(f) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins, and would lead to the Company having to reduce its workforce;

(g) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(h) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(i) revenues and margins for the Company's smartphone devices continued to

deteriorate rapidly as the ASPs for the Company's BlackBerry smartphones were falling off precipitously as a result of competition from the iPhone and Android-powered smartphones;

(j) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors;

(k) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors; and

(l) due to execution issues, product delays, and disappointing product launches, shipments of BlackBerry smartphones would continue to be down and inventory would continue to be up.

104. Defendant Balsillie went on to make further positive statements about RIM's growth prospects and products:

> Well, it's global interest, the interest is global and the products are remarkable… The products are truly fantastic both in terms of their style and their performance.
>
> * * *
>
> But there's no question the products are beautiful and there's no question they're going to happen and there's no question the interest is high.
>
> * * *
>
> I mean, if I had some sense that something was shifting or slowing down I'd comment, but I think we're in a time of rapid transition and I like our position, I love our position. We have a lot of execution to do. So that's a fact of life. But it's hard to – I can't really generalize on the global market right now because I haven't seen any indication overall that the industry changing. What I do know for sure is the interest in our future products and our future platform is extremely high – our new platform, PlayBook and we've got to execute into that opportunity because there comes a time people want an upgrade.

105. The statements made on the above-referenced April 28, 2011 conference call were materially false and misleading when made because Defendants failed to disclose at least the following:

(a) The statements that "the interest is global and the products are remarkable… The products are truly fantastic both in terms of their style and their performance" and "But there's no question the products are beautiful and there's no question they're going to happen and there's no question the interest is high" were materially false and misleading when made because Defendants lacked a reasonable basis for the statements for at least the following reasons:

(i) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins;

(ii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(iii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(iv) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors; and

(v) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors.

(b) The statements that "I mean, if I had some sense that something was shifting or slowing down I'd comment, but I think we're in a time of rapid transition and I like our position, I love our position" and "What I do know for sure is the interest in our future products and our future platform is extremely high – our new platform, PlayBook" were materially false and misleading when made because Defendants lacked a reasonable basis for the

statements for at least the following reasons:

(i) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(ii) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for tablets, compared with 65,000 table-optimized iPad applications;

(iii) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(iv) there were other software glitches that would require a recall of approximately 1,000 PlayBooks;

(v) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook;

(vi) the Company could not timely introduce new products to the market, which was negatively impacting the Company's revenues and margins, and would lead to the Company having to reduce its workforce;

(vii) the Company had become resource limited as it simultaneously attempted to develop new smartphones, a new operating system, and a new tablet computing device;

(viii) the resource limitation disrupted RIM's production ability, resulting in lower-than-expected BlackBerry smartphone sales and shipments in the United States and Latin America;

(ix) RIM was still far away from a blockbuster product that could attract customers in the smartphone market away from its competitors; and

(x) with no QNX on handsets until 2012, RIM would continue to lose market share to its competitors.

106. On this news, RIM's securities plummeted 14%, or $7.94 per share, to close at $48.65 per share on April 29, 2011, on unusually heavy trading volume of over 48 million shares.

107. On April 29, 2011, in response to RIM's updated guidance, the Wall Street Journal published an article entitled, "*RIM Shares Drop on Dim Outlook*," which stated, in part, the following:

> Investors dumped shares of Research In Motion Ltd. Friday, amid growing worry that the BlackBerry maker's current development pipeline-including several new BlackBerry devices powered by its latest operating system-won't be enough to stem declining sales in the U.S. RIM shares closed down $7.94, or 14%, to $48.65 on the Nasdaq Stock Market on Friday.
>
> RIM lowered earnings guidance late Thursday, saying its BlackBerry shipments would be on the low side of previous estimates. Then, on a conference call, RIM executives raised new concerns about international sales, saying shipments were weak in Latin America. The smartphone maker has in recent quarters enjoyed strong overseas demand despite losing market share in North America to Apple Inc.'s iPhone and devices that run on Google Inc.'s Android operating system. Recent product launches aimed at bolstering sales have been disappointing. Its BlackBerry Torch, RIM's first device with a touch screen and a slide-out keyboard, hasn't been a blockbuster as hoped. And the long-awaited PlayBook tablet launched after a delay, to tepid reviews, earlier this month.
>
> RIM has struggled to react quickly to changes in consumer preferences, especially after Apple unveiled its iPhone, with its snazzy touch-screen interfaces and a bevy of third-party applications. In response, RIM has overhauled its operating system, reached out to app developers and made several recent acquisitions of software companies to address shortcomings. Executives have tempered short-term expectations by saying the company was going through a critical transition.
>
> But after Thursday's announcement, even some of the most optimistic RIM watchers have begun to question whether the company has done enough.

> "We really want to believe, but...last night's warning caps what has been a string of strategic and execution missteps," Cormark Securities analyst Richard Tse said in a note.

108. In response to RIM's guidance cut, on April 29, 2011, Jefferies downgraded the Company to "Underperform," stating, "We Were Wrong: QNX Too Late and Too Little." Jefferies analysts further stated, "[RIM] will see continued execution issues, product delays, and lackluster product launches for the next year. We believe BlackBerry OS 7.0 (renamed, formerly 6.1) and QNX will be delayed and that carriers are withdrawing support."

109. As reported in American Banking & Market News, in an April 29, 2011 story, RBC Capital reduced its RIM price target from $90.00 to $55.00, downgrading shares of RIM common stock from a "top pick" rating to a "sector perform" rating.

110. An article entitled, "*Storm Clouds Loom for RIMM*," on Fox Business, dated April 29, 2011, stated, in relevant part, the following:

> Shares of Research in Motion (RIMM: 13.79, +0.21, +1.55%) tumbled Friday after the BlackBerry maker shocked investors late Thursday when it predicted softer-than-expected sales of its flagship phone, forcing the company to chop its own targets.
>
> * * *
>
> Research in Motion said BlackBerry smartphone sales for the current quarter will likely disappoint. The shortfall is mostly due to lower shipments and customers' reliance on cheaper devices amid the still lingering recession.
>
> * * *
>
> The latest outlook reflects its continued struggles as it strives to compete with rival Apple (AAPL: 530.69, +0.43, +0.08%), which has been chipping away at the BlackBerry market since introducing its iPhone four years ago.

111. On May 2, 2011, RIM issued a press release, entitled "*RIM Introduces New BlackBerry Bold Smartphones*," which, stated, in relevant part, the following:

> Research In Motion (RIM) (NASDAQ: RIMM; TSX: RIM) today unveiled two new BlackBerry® Bold™ smartphones. The high-performance BlackBerry Bold 9900 and 9930 smartphones feature a stunning and iconic design that integrates an incredibly easy-to-use BlackBerry keyboard with a brilliant, high resolution, capacitive touch screen. These exceptional smartphones are built on a new, performance-driven platform powered by the BlackBerry® 7 operating system and designed to deliver the ultimate in communications, multimedia and productivity for users around the world.
>
> "The new BlackBerry Bold smartphones and BlackBerry 7 OS are inspired by millions of customers around the world who want the ultimate combination of performance, functionality and style," said Mike Lazaridis, President and Co-CEO, Research In Motion. "These fully-loaded and beautifully crafted smartphones offer a highly refined user experience with blazingly fast performance, a brilliant touch screen and an outstanding typing experience."

112. On May 16, 2011, RIM recalls 1,000 PlayBooks because of a software glitch that prevented users from setting up their PlayBooks after purchase.

113. On June 10, 2011, RIM issued a press release, entitled "*BlackBerry PlayBook Launching In 16 Additional Markets Over Next 30 Days*," which, stated, in relevant part, the following:

> The BlackBerry PlayBook is the world's first professional-grade tablet, delivering industry leading performance, uncompromised web browsing, true multitasking, HD multimedia, advanced security features, out-of-the-box enterprise support and a robust development environment.

114. The statement from the June 10, 2011 press release referenced above was materially false and misleading because Defendants failed to disclose at least the following:

(a) RIM was scrambling to get the PlayBook to the market, and, thus, would be launching the PlayBook without built-in cellular data, email, contacts, a calendar and other core features, which were already offered on other competing devices, and those core features would only be added at a later time through software updates;

(b) when launched, the PlayBook would not be able to run any of its 27,000 BlackBerry applications and would only have approximately 3,000 applications designed for

tablets, compared with 65,000 table-optimized iPad applications;

(c) the PlayBook's browser crashed during testing and the PlayBook's software was prone to crashes;

(d) there were other software glitches that would require a recall of approximately 1,000 PlayBooks; and

(e) RIM did not have carriers, other than Sprint, lined up to carry the PlayBook.

THE TRUTH IS REVEALED

115. After the close of trading on June 16, 2011, the Company issued a press release, entitled "*Research In Motion Reports First Quarter Fiscal 2012 Results And Revises Full Year Guidance*," detailing its financial results for the first quarter of fiscal 2012, ended May 28, 2011. While revenue for the first quarter of fiscal 2012 was up over the same quarter in 2011, it fell 12% from \$5.6 billion in the fourth quarter of fiscal 2011 to \$4.9 billion in the first quarter of fiscal 2012. Similarly, at \$695 million or \$1.33 per share diluted, net income lagged both the fourth and first quarters of fiscal 2011, down from \$934 million and \$1.78 per diluted share and \$769 million and \$1.38 per diluted share respectively. These per share results were at the lower end of the revised guidance the Company issued in its April 28, 2011 press release. The Company also disclosed the cost optimization program, which would include a headcount reduction, signaling that the Company's situation was deteriorating rapidly. Specifically, the June 16, 2011 press release stated:

> Research In Motion Limited (RIM) (Nasdaq: RIMM; TSX: RIM), a world leader in the mobile communications market, today reported first quarter results for the three months ended May 28, 2011 (all figures in U.S. dollars and U.S. GAAP).

<u>Highlights:</u>

- Revenue in the first quarter of fiscal 2012 grew 16% over the same quarter last year
- International revenue1 in Q1 grew 67% year over year
- Gross margin in the quarter was approximately 44%, slightly higher than expected due to product mix
- RIM launched the BlackBerry PlayBook tablet in North America and shipped approximately 500,000 units in the first quarter

<u>Q1 Fiscal 2012 Results:</u>

Revenue for the first quarter of fiscal 2012 was $4.9 billion, down 12% from $5.6 billion in the previous quarter and up 16% from $4.2 billion in the same quarter of last year. The revenue breakdown for the quarter was approximately 78% for hardware revenue, 20% for service and 2% for software and other revenue. During the quarter, RIM shipped approximately 13.2 million BlackBerry handheld devices and approximately 500,000 BlackBerry Playbook tablets.

"***Fiscal 2012 has gotten off to a challenging start. The slowdown we saw in the first quarter is continuing into Q2, and delays in new product introductions into the very late part of August is leading to a lower than expected outlook in the second quarter***." said Jim Balsillie, Co-CEO at Research In Motion. "RIM's business is profitable and remains solid overall with growing market share in numerous markets around the world and a strong balance sheet with almost $3 billion in cash. We believe that with the new products scheduled for launch in the next few months and realigning our cost structure, RIM will see strong profit growth in the latter part of fiscal 2012."

Net income for the quarter was $695 million, or $1.33 per share diluted, compared with net income of $934 million, or $1.78 per share diluted, in the prior quarter and net income of $769 million, or $1.38 per share diluted, in the same quarter last year.

The total of cash, cash equivalents, short-term and long-term investments was $2.9 billion as of May 28, 2011, compared to $2.7 billion at the end of the previous quarter, an increase of approximately $170 million from the prior quarter. Cash flow from operations in Q1 was approximately $1 billion. Uses of cash included intangible asset additions of approximately $560 million, capital expenditures of approximately $220 million and business acquisitions of approximately $30 million.

<u>Cost Optimization Program:</u>

The company also announced that it will begin a program to streamline operations across the organization, which will include a headcount reduction. This realignment will be focused on taking out redundancies and a reallocation of resources to allow us to focus on the areas that offer the highest

growth opportunities and align with RIM strategic objectives, such as accelerating new product introductions. We expect to implement this program beginning in the second quarter with the benefits impacting results primarily in Q3 and beyond. Any one-time charges associated with this initiative are not included in our Q2 and full year outlook but will be identified and disclosed when we report our second quarter results.

* * *

Q2 and Full Year 2012 Outlook:
Revenue for the second quarter of fiscal 2012 ending August 27, 2011 is expected to be in the range of $4.2-$4.8 billion. Gross margin percentage for the second quarter is expected to be approximately 39%. Earnings per share for the second quarter are expected to be $0.75-$1.05 diluted, excluding any one-time charges. Earnings per share for the full year fiscal 2012 are now expected to be between $5.25-$6.00 diluted, excluding any one-time charges or share repurchases.

116. Also, on June 16, 2011, the Company convened a conference call to discuss its first quarter 2012 results, which was attended by defendants Lazaridis, Balsille, and Bidulka, and Ebbs. In its presentation summary, the Company stated that lower than expected shipments and revenue in the quarter resulted from a shift in the product mix toward lower priced phones. In the United States, the Company experienced a shortfall related primarily to the age of its product portfolio and delays in introducing new products. In addition, first quarter challenges that would continue into the second quarter include the age of the existing BlackBerry product line and that the Company experienced a greater than anticipated challenge delivering new products to the market. During the conference call, defendant Balsillie disclosed, in part, the following:

RIM shipped approximately 13.2 million smartphones in the first quarter, and revenue was approximately $4.9 billion. As discussed in the conference call on April 28, ***we experienced a shift in the mix of products towards lower-ASP handsets and had lower-than-expected sell-through in the United States and Latin America that affected smartphone shipments in Q1. The shortfall in the United States is primarily related to the age of the BlackBerry product portfolio and the delays in new product introductions that we discussed on the last call.***

The LatAm impact was as a result of lower sell-through related to a variety of factors, a change in the subsidy environment in Mexico that had a greater-than-

expected impact and a specific import license issue in Argentina. We continue to believe that there is a substantial growth opportunity for BlackBerry smartphones in these markets.

The challenges of the first quarter are continuing into the August quarter. The existing portfolio of BlackBerry products has been in market for close to a year, and ***delivering new products has proven more challenging than anticipated. Delays in the new product introduction timelines by a couple of weeks have excluded us from some of the back-to-school programs we had expected to be part of, which has led to lower-than-anticipated shipments, revenue and earnings in the second quarter.***

* * *

As a result, we have made the decision to begin a cost management process that will include headcount reductions across the company and the reallocation of resources to areas that offer the highest long-term growth opportunities. I want to be clear that this streamlining of operations will make us more effective and responsive to demand in the marketplace, and we do not intend to make significant cuts to areas or development projects that are crucial to RIM's future direction and growth.

* * *

While the PlayBook launch did not go as smoothly as we had planned, the potential of the product and the powerful underlying OS was recognized and acknowledged by partners, channel reviewers and end users. We have already rolled out updates of the product to deliver compelling features, such as video chat and a native Facebook application, and we look forward to adding content partnership and growing the available applications over the coming months.

117. Also, on the conference call, defendant Lazaridis made the following disclosures:

We were already well down the development path for the next-generation BlackBerry handsets when we realized that in the U.S., the features and performance arms race demanded that we upgrade the chipset and port BlackBerry to a higher-performance platform. ***This was an engineering change that affected hardware and software timelines and pushed out entry into carrier certification labs.***

118. Also, on the conference call, Ebbs stated, in part, the following:

We expect the mix of handsets to be heavily skewed towards existing in-life products, particularly at the low end of the range. These products have a much lower ASP and contribution margin than the new BlackBerry 7 products that aren't expected to ship until late in the quarter.

119. On this news, shares of RIM closed down 21.5% or $7.58, from a close of $35.33

on June 16, 2011 to a June 17, 2011 close of $27.75 on enormous volume of over 113 million shares traded.

120. According to a June 16, 2011 New York Times article, entitled "*RIM Profit Falls Below Estimates*," "[t]he company that effectively invented the smartphone market has been battered in its home turf by the Apple iPhone and handsets using Google's Android operating system." Additionally, the article stated that "***the BlackBerry PlayBook, was introduced this spring with software flaws and without several features.*** And RIM has still not set a release date for BlackBerrys using a new operating system." Further, according to Peter Misek, an analyst with Jefferies, "[p]eople are not waiting. They're going to other platforms."

121. Among analyst comments were also those of Travis McCourt of Morgan Keegan who, on June 23, 2011, wrote that even in the geographic regions where RIM was strongest, the Company's "aging portfolio is impacting its competitiveness." According to a June 21, 2011 Credit Suisse report, RIM was not innovating quickly enough, "resulting in continued share loss along with further margin risks from vulnerability in its high margin Services steam." Similarly, in a June 20, 2011 report, First Global blamed the Company's lower than expected revenue and earnings on "delay in new product introductions, stiff competition, aged product portfolio and unfavorable product mix." In addition, First Global stated that the Company had shipped a higher proportion of lower priced devices, eroding its ASP on smartphones. Similarly, according to a June 17, 2011 RBC Capital Markets Report, the "disappointing Q1 results validates prior execution concerns amidst competitive pressures."

122. Further, according to an analyst report from BGC Voice and Electronic Brokerage, dated June 17, 2011, entitled, "*RIMM Earnings Review: Into the Abyss. Company Reduces Outlook as Revenue Sequentially Declines*," "[o]ur concern is centered on the concept

that RIMM is not well positioned from a cost structure and management mindset perspective to be an ongoing leader in the entry level smart phone market – which is likely to see competition ratchet up this year. Further, the company has lost the high end of the smart phone market . . ." The analyst report further stated that "[w]e are reducing our price target driven by concern over delays of new phones on its existing BlackBerry operating system, and the turmoil associated with transitioning its platform to the QNX operating system."

123. Additionally, a June 20, 2011 analyst report from First Global Research, entitled "*What Happened Last Quarter*," stated "Q1 FY12 proved to be a weak quarter for Research in Motion Ltd. (RIMM), with the company's revenue and earnings coming in lower than expectations, on account of a delay in new product introductions, stiff competition, aged product portfolio and unfavorable product mix." The analyst report further stated:

> ***In smartphone devices, RIMM is still far away from a blockbuster product that can attract customers in the lucrative smartphone market away from Apple (AAPL) and Android phones.*** Also, the delay in new product introduction timelines have excluded RIMM from some of the back to school programs, thereby leading to lower than anticipated shipments, revenue and earnings. ***Plus, the increased share of cheaper handsets, ramp up in tablets and higher investments by RIMM towards research & marketing activities related to its tablet & platform initiatives, are expected to exert pressure on the company's margins.***

124. Moreover, another investor report, dated June 20, 2011, from InvestorGuide.com, entitled "*Research in Motion (RIMM) Stuck in a Downward Spiral*," stated, in relevant part, the following:

> ***Research in Motion hasn't offered a new flagship BlackBerry model since August, and its existing products are getting punished on the high end by the iPhone and iPad, and on the low end by Google's Android products*** – especially in Latin America, Asia and Europe – where the lower-end BlackBerry Curve is losing ground.
>
> ***Despite calls to step down, the two CEOs have held their ground*** and announced that they would reduce an unspecified number of jobs and make organizational

> changes to accelerate new product launches, as part of a company-wide "streamlining" initiative.
>
> ***The Playbook is also facing an uphill battle with carriers*** – U.K. carrier O2 refused to carry the tablet due to "issues with the end to end customer experience". Both AT&T and (T: Charts, News, Offers) Verizon Wireless (VZ: Charts, News, Offers) have stated that they are "still evaluating" plans to sell the Playbook, and only Sprint Nextel (S: Charts, News, Offers) has remained committed to the tablet, despite repeated delays. ***The Playbook has been criticized for its lack of native e-mail and calendar apps as well as clumsy support for Google Android.***

125. As a result of Defendants' materially false and/or misleading statements, RIM securities traded at artificially inflated prices during the Class Period. After the above revelations were revealed to the market, however, the Company's shares were hammered by massive sales, sending them down over 60% from a February 18, 2011 Class Period high closing price of $69.86 to a June 17, 2011 closing price of $27.75 per share.

POST –CLASS PERIOD DEVELOPMENTS

126. A New York Times article, dated July 25, 2011, entitled "*With BlackBerry in Decline, RIM Will Shed 2,000 Jobs*," commenting on the PlayBook, stated, in relevant part, the following:

> The company's move into the tablet computer market with the BlackBerry PlayBook this spring has also proved disappointing. ***The device, which uses the new operating system, was introduced without many major features***, including e-mail software, a puzzling omission given that BlackBerry phones were the world's first successful wireless e-mail devices.

127. Additionally, a New York Times article, dated August 24, 2011, entitled "*BlackBerry, the Best Yet, Isn't Enough*," commenting on the problems at RIM, stated, in relevant part, the following:

> It's not looking good. ***Its market share is sinking because it is giving up customers to Apple and Google. The company is laying off 11 percent of its work force (2,000 people). Its shares recently hit their lowest point since 2006.*** A series of anonymous letters posted at bgr.com report chaos and flagging morale

> among the workers. ***One product after another is delayed.*** In April, one of RIM's two chief executives, clearly stressed out, stormed out of a BBC television interview.
>
> That was just about the same time that RIM released its iPad clone, called the PlayBook — ***filled with bugs and enormous feature holes (for example, no built-in e-mail program or calendar).***
>
> Despite its virtues, the 9900 still can't compete with iPhone and Android. There's no front-facing camera, so you can't do video chats. You can't turn the phone into a personal hot spot that lets nearby laptops get online.
>
> And the sparse, unimpressive BlackBerry app store is but a whisper of a shadow of an echo of a silhouette of the iPhone and Android app stores.

128. On December 2, 2011, the Company issued a press release, entitled "*Research In Motion Announces Third Quarter Provision Related to PlayBook Inventory and Confirms Commitment to Tablet Market; Provides Update to Q3 and Fiscal 2012 Guidance*," which stated, in relevant part, the following:

> Research In Motion Limited (RIM) (Nasdaq: RIMM; TSX: RIM), a world leader in the mobile communications market, today announced that ***it would record a pre-tax provision in the third quarter of fiscal 2012 of approximately $485 million, $360 million after tax, related to its inventory valuation of BlackBerry PlayBook tablets.***
>
> * * *
>
> ***As previously disclosed, RIM has a high level of BlackBerry PlayBook inventory.*** The Company now believes that an increase in promotional activity is required to drive sell-through to end customers. This is due to several factors, including recent shifts in the competitive dynamics of the tablet market and a delay in the release of the PlayBook OS 2.0 software. As a result, RIM will record a provision that reflects the current market environment and allows it to expand upon the aggressive level of promotional activity recently employed by the Company in order to drive PlayBook adoption around the world.

129. On January 22, 2012, after the Company's securities lost almost 80% of their value, the Company announced the appointment of Thorsten Heins as its new president and CEO. Former Co-Chair and Co-CEO defendant Lazaridis was to become Vice Chair of the Board and the Chair of the Board's new Innovative Committee. Defendant Balsillie was to

remain a director. Both defendants also gave up their co-chairman positions on the Board.

130. A February 21, 2012 article from the Verge, entitled "*Research No Motion: How the BlackBerry CEOs Lost an Empire*," ("Verge Article") discussed the corporate shuffling that occurred at RIM:

> Chief marketing officer Keith Pardy had left in March. COO Don Morrison retired in July after a lengthy medical leave. (This left Thorsten Heins, one of two COOs, to take on more responsibilities and eventually become CEO.) Brian Wallace, who'd been vice president of digital marketing and media, went to Samsung Mobile. Ryan Bidan, senior product manager for the PlayBook, soon joined him there. Mike Kirkup, head of developer relations, left in August; Tyler Lessard, vice president for global alliances and developer relations, was gone by the next month.

131. The Verge Article also discussed the problems with the PlayBook, stating that the PlayBook's software "lacked the polish of its competitors," and it shipped without a calendar, contacts or native email. Further, the Company had to take a $485 million write-down on its PlayBook inventory, and "[i]n a final insult, the tablet promising RIM's robust security was" hacked.

132. According to an Associated Press Article, dated March 29, 2012, entitled "*BlackBerry Maker To Cede Most Consumer Markets*":

> Struggling BlackBerry maker Research in Motion Ltd. said Thursday that it will cede most consumer markets after failing to compete with flashier touch-screen phones such as Apple's iPhone and models that run Google's Android software.
>
> Instead, RIM said it will return to its roots and focus on business customers, many of whom prefer BlackBerrys for their security. RIM has had limited success trying to enter consumer markets in recent years, and RIM CEO Thorsten Heins said a turnaround required "substantial change."
>
> * * *
>
> ***Also Thursday, RIM said former co-CEO Jim Balsillie has resigned from its board. David Yach, chief technology officer for software, and Jim Rowan, chief operating officer for global operations, also are leaving in a management shakeup.***

* * *

RIM has sought to expand its appeal to consumers, but it has had trouble because the phones aren't perceived to be as sexy as its chief competitors. RIM has been counting on improvements with its forthcoming BlackBerry 10 system, ***but that has faced multiple delays. BlackBerrys also lag iPhones or Android phones when it comes to running third-party applications.***

For that reason, BlackBerrys are even losing ground in the business world, as employees demand iPhones or Android devices over BlackBerrys.

* * *

RIM also bombed in its efforts to produce a tablet computer to compete with Apple's iPad. ***Among other things, the PlayBook received negative reviews because it launched without an email program and the popular messaging service BlackBerry Messenger. In December, the tablets that originally cost $500 were selling for $200, below the cost of making them***.

133. According to a Wall Street Article, dated March 30, 2012, entitled "*BlackBerry Maker in Turmoil*":

TORONTO – The new chief executive of BlackBerry maker Research in Motion Ltd. ***is overhauling the company's executive ranks and exploring strategic options***, including a sale of the struggling smartphone pioneer.

The changes include the exit of longtime executive Jim Balsillie, who had presided over RIM's rise and steep fall. Mr. Balsillie, who until earlier this year was co-CEO, resigned his board seat and is parting ways with a company he helped run for 20 years.

* * *

The company also said its chief operating officer, Jim Rowan, and its chief technology officer, David Yach, would be leaving.

* * *

Mr. Heins warned the pain isn't over and the company's sales and profit will be under pressure the next year. The new CEO said he is confident the company has it valuable assets and good prospects, but said its turn-around will be risky and that he needs to hedge its bets, including by considering tie-ups with bigger partners.

In the past, Mr. Heins has signaled he wasn't interested in selling the company. But, after two months on the job, ***Mr. Heins said he realized the challenges facing the company are much more significant than he initially thought***.

> In a conference call Thursday, ***Mr. Heins acknowledged deep problems, and said he was open to considering a sale of the company if an ongoing strategic review determined that was the right approach, though that wasn't his first option***.
>
> "It is now very clear to me that substantial change is what RIM needs," he said in the call. When asked directly if he was considering a sale, he responded that "if there is any element that we detected during that strategic review that would lead us into this direction, we would consider it. But it is not the main direction we're pursuing right now."
>
> * * *
>
> ***After heavily discounting its PlayBook tablet, and taking a nearly half-billion dollar charge related to inventory buildup of the device last year***, RIM said it had shipped 500,000 units. That is the best quarter for the tablet since the first three-month period immediately after its debut.
>
> ***RIM said Thursday it would no longer provide earnings guidance "due to a desire to focus on long term value creation***."

134. These reports reveal what Defendants knew, or blindly disregarded, about RIM during the Class Period, including, *inter alia*, that RIM's market share was sinking because it could not compete with its competitors due to delays, failed launches, and lack of new products and it would eventually need to cede most consumer markets; that the Company's problems were so severe that it would have to lay off 11% of its workforce; that RIM would have a high level of PlayBook inventory because the PlayBook was introduced with bugs and missing features; and that RIM would have to take a substantial write-down on the PlayBook inventory, and are admissions that Defendants' Class Period statements were materially false and/or misleading and/or lacked a reasonable basis when made.

<u>ADDITIONAL SCIENTER ALLEGATIONS</u>

135. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or

disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding RIM, their control over, and/or receipt and/or modification of RIM allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning RIM, participated in the fraudulent scheme alleged herein.

The Individual Defendants, By Reason Of Their Roles At The Company And Professional Background, Were Aware Of The Truth During The Class Period

136. Facts critical to the company's core operations or core products are known to a company's key officers, particularly when the officers are hands-on and intimately involved in the development and discussion of the product with the market. The Company's BlackBerry product lines include the BlackBerry Playbook tablet, the BlackBerry smartphone, as well as software for business and accessories. The Company is organized and managed as a single reportable business segment, and RIM's primary revenue stream is generated by the BlackBerry wireless solution, comprised of wireless handsets, service and software. For fiscal year 2011, 80.2% of the Company's revenue was generated from the devices, eclipsing all other revenue sources. The only plausible inference is that Defendants knew every aspect of the chain of events in the development of RIM's products and were aware of all significant business and operational developments at the Company considering these products were pivotal to the Company's future financial success. And if Defendants did not inform themselves of every aspect of the chain of events during the Class Period, then their Class Period statements regarding RIM's key products were made without a basis. Nevertheless, Defendants failed to

disclose and misrepresented the significant product development setbacks and delays RIM was experiencing.

137. Further, defendant Balsillie was, at all relevant times, the Company's Co-CEO. Additionally, defendant Balsillie served a Director of the Board from 1993 until February 2009, and was re-appointed on May 28, 2010. Defendant Balsillie was also appointed Co-Chairman of the Board in December 2010. Defendant Balsillie made materially false and/or misleading statements on conference calls, signed materially false and/or misleading certifications attached to materially false and/or misleading SEC filings, and was quoted in materially false and/or misleading press releases.

138. Defendant Lazaridis was, at all relevant times, the Company's Founder, President, Co-CEO and a Co-Chairman of the Board. During the Class Period, defendant Lazardis signed materially false and/or misleading certifications attached to materially false and/or misleading SEC filings and was also quoted in materially false and misleading press releases.

139. Defendant Brian Bidulka was, at all relevant times, the Company's CFO. During the Class Period, defendant Bidulka made materially false and/or misleading statements on conference calls, and signed materially false and/or misleading certifications attached to materially false and/or misleading SEC filings, which he also signed.

140. According to the Verge Article, Roger Martin (a member of the board of directors) told The Globe and Mail that "Lazardis and Balsillie tightly controlled the company's destiny, with few above or below them wielding influence" and even the Board could not have forced a change.

141. Additionally, due to their professional backgrounds and experience, the Individual Defendants knew or recklessly disregarded the fact that the statements issued by them during the

Class Period regarding RIM – detailed above – were materially false and misleading. It is not plausible that Defendants, who were senior management and involved in authorizing or making public statements about the Company's key products that were vital to the Company's future financial success, did not know that their Class Period statements were materially false and/or misleading and/or lacked any reasonable basis when made.

The Problems At RIM Were Known
And Discussed Internally, But Never Disclosed

142. According to CW1, who was the Director of Customer Solutions from February 2011 until July 2011, "[w]e would over commit and scramble behind the scenes to make it happen, and it would still be late. CW1 stated that there were a lot of delays and she/he did not think that RIM ever launched anything on time. CW1 also discussed that RIM's method of operation was "to launch it and then fix it." Further, CW1 explained that the carriers' attitudes changed once there was competition, and that the carriers wanted "the whole enchilada, 100%," not the 80% that RIM was previously supplying. When discussing competition, CW1 stated that RIM's market share which had been 60% was eroding quickly because RIM over-promised and under-delivered. CW1 noted that research and development had gone one year without releasing a new phone (August 2010-2011) and to stay competitive, the Company needed to release a new phone every three months.

143. CW2, a Process Optimization Program Manager from January 2007 until July 2011, whose duties included being a manager of product delivery as part of the new product introduction process, confirmed the delays, explaining that there were delays everywhere and that the first failure to release in a timely manner was the "kickstart" product, the clamshell smartphone in 2008. Regarding the QNX system, CW2 stated that the delays were evident in mid-2010 and RIM could not control their processes. CW2 further clarified that the problems

which were causing the delays were quite visible and everyone at the Company knew about them.

144. Regarding relationships with carriers, CW2 explained that the carriers would ask for changes (bug fixes) in the next release of products, but that RIM rushed their smartphones to market without addressing the issues. CW2 stated that RIM was simply "non-responsive" to carriers. As for specific manufacturing issues, CW2 asserted that there were many issues and that she/he personally held discussions with the SVP of Manufacturing in which the SVP told her/him that manufacturing plans were not completed. CW2 explained that she/he knew of the issues because CW2 attended strategy meetings that were held monthly and sometimes weekly as product releases approached. In these meetings, a group of 25 to 30 people discussed product technology roadmaps and these discussions included sales forecasts. Eighty percent of the attendees at these meetings were VP level or above and that the team was cross functional with members from sales, marketing, engineering, production, and project management. CW2 stated that discussions in these meetings regarding a particular product would begin about two years prior to its release.

145. CW3, who was a Global Alliance Solutions Engineer from January 2009 until June 2011, explained that she/he first heard of delays at the end of 2009, and she/he was keenly aware of the delays because her/his work was dependent on the release of the first Bold 9000 to work on AT&T, which was delayed about three months.

146. According to CW4, a Senior Software Engineer from July 2008 until July 2010, her/his group heard that the Company was releasing a new operating system, but no one ever saw anything happening. CW4 learned of the upcoming new operating system release because she/he knew a few people at the Company who worked on QNX, and CW4 would meet with them to

talk about software related issues. CW4 stated that there were no initiates nor actions taken that would be consistent with the release of a new operating system. CW4 stated that her/his group was very concerned because they could see Apple and Samsung were doing well, but RIM seemed to be lacking. Corroborating CW4, CW5, a Partner Manager from February 2009 until August 2011, stated that employees knew about delays with the QNX release. She/he explained that there were two delays, and the first target date was December 2010, but there were a lot of problems and the product was not ready. The new date was for some time in 2011, but by then carriers did not trust RIM. CW5 reiterated that RIM lost momentum when the iPhone came out, and senior management decided to purchase the QNX company to try to develop products faster. Such a significant purchase (approximately $200 million) would not have been done without knowledge, direction, and/or involvement from Defendants.

147. In terms of competition, CW6, a Carrier Channel Sales Manager from August 2008 until September 2010, explained that prior to leaving RIM, she/he was starting to see the iPhone and Android making contracts with Verizon, and the competition was making it more difficult to create sales for RIM products. As for delays, CW6 stated that "there is nothing that comes out on time." CW7, a Senior Technical Product Specialist from 2008 until July 25, 2011, confirmed that there was a group within RIM that performed competitive analysis. CW7 recalled being part of quarterly product management meetings that included members from research and development, in which there was a lot of discussion about the threat from Apple and what needs to be done.

148. CW8, a Global Master Planner from October 2009 until July 2011, stated that her/his group reported to the supply chain group and there were weekly discussion regarding forecasts as they related to repair quantities. CW8 also added that she/he did not see how RIM

could survive because it was very slow and hesitant to act.

149. Regarding the PlayBook, CW9, a PlayBook Technical Support Associate from January 2011 until July 2011, stated that she/he was hired along with 40 others to support the PlayBook. There were four team leaders who ran a 24/7 operation, fielding calls from all over the world regarding the PlayBook. CW9 reported that at the end of July 2011, she/he saw that about half of her/his colleagues were no longer there. The day she/he was terminated, she/he was told the Company was not doing well. CW9's job was tier 1 support for customers who purchased the PlayBook and CW9 fielded calls from customers. During CW9's employment, she/he saw two software updates for the QNX software; another was expected and had been promised, but CW9 never saw that one. CW9 was told that RIM was slowing production of the PlayBook to make sure the QNX software was up to date. CW9 explained that customers complained for a number of reasons, including that there was no memory card slot; there were not a lot of applications in the BlackBerry market place compatible with the PlayBook as compared to the iPad and Android market places, which had over 20,000 applications; people wanted to use the Android applications on the PlayBook, but they could not; there were significant problems charging the PlayBook (not charging correctly due to a software bug that RIM later corrected but the "fix" took over one hour to download and 30 minutes to install and sometimes did not fix the problem); and 20% called in for warranty exchanges due to screens being broken or not being able to charge the phone even after the "fix." CW9 further stated that there was a ticket system called "Remedy" and the team leads would look at the reports.

150. CW10, who was one of the four customer team leads employed from December 2010 until August 2011, stated that a team of customer associates reported to her/him and from time to time she/he would personally take customer support calls. CW10 stated that she/he was

providing support for the PlayBook prior to its launch date. She/he said that 75 customer associates were hired to provide customer support for the PlayBook, but lay offs occurred, which affected 35 people. CW10 reported that the launch of the PlayBook was delayed twice. CW10 explained that at the launch, a "bad" batch of PlayBooks went out and later had to be exchanged. CW10 also detailed the problems with the PlayBook launch, explaining that the first problem encountered at the launch was that in order to register the PlayBook, it had to be connected to Wi-Fi, which would not work because Staples, where the launch took place, had a secure log in for its server that did not allow public Wi-Fi access. Thus, Staples had to temporarily lower its security so that customers could get past the login screen. CW10 also noted that some of the PlayBooks were dead on arrival. In addition, BlackBerry's own network was not set up to handle the new device, and each PIN for each device had to be "white-listed" (entered manually by the support staff) so that it could become part of the BlackBerry network. CW10 also stated that customers complained because it took too long for the devices to load. CW10 recalled a number of people from headquarters in Canada visiting the Texas facility for a "walk-through," including a female office of the Company. Further, CW10 stated that there was a major problem with the PlayBook's charger and in order to fix the problem, a lengthy download was required, but the download itself would normally kill the battery. CW10 said that the only way to really fix the problem was to exchange the PlayBook for another one. CW10 noted that customers were "pretty pissed."

151. CW10 explained that the Director of Customer Support was working with Remedy [the bug tracking system] and trying to classify the bugs for the PlayBook. A special filter for the bugs was put in place for the PlayBook. This is how CW10 said knew that the Director was aware of the issues, as well as her/his boss. As to carriers, CW10 explained that

days after the launch of the PlayBook, AT&T decided not to support the function of tethering (an application that allows for full Internet access anywhere using the smartphone's data plan), which was a major selling point. About 45 days after AT&T's decision, RIM released this information to the public. CW10 learned of this issue because she/he was in the support center, and personally had to field customer complaints about the problem. One customer told CW10 that tethering was one of the major reasons that they had purchased the PlayBook.

152. CW11, a Extract, Transform, a Load Team Lead from August 2010 until July 2011, stated that there was a delay of six months in releasing QNX, which was the operating system used in the PlayBook, and it was released with bugs. The development team was behind schedule by six months and it would have taken another six months to fix all of the bugs, so they made the decision to release the operating system with the bugs. There was no email or calendar when the operating system was shipped. CW11 also explained that she/he knew of the bugs through information technology management meetings that he attended.

153. Although the CWs do not expressly mention the Individual Defendants, the only plausible inference is that RIM's significant undisclosed problems, as discussed herein, were so serious and pervasive (as they were known by everyone else at the Company) that the Individual Defendants, who were all senior management, either knew about them, or recklessly ignored and failed to inform themselves of the problems everyone else at the Company knew about. At minimum, if the Individual Defendants did not know of or inform themselves as to the easily available true facts about the problems at the Company before they spoke about positive aspects of the Company's then present circumstances and future, then they knew when they spoke that whatever they said had no foundation and was stated without sufficient knowledge to know whether what they were saying was true or not. Thus, such positive statements as alleged herein

to have been misleading when made were at least made recklessly.

154. Moreover, Defendants chilled Plaintiff's ability to communicate with former employees by paying for their silence through the confidentiality provision in termination agreements former employees were required to sign in order to receive whatever consideration was offered by the Company to its terminated employees.

155. Further, Plaintiff cannot determine the extent to which former employees contacted who did not call back or refused to speak without reference to a confidentiality agreement did so due to feeling bound by a confidentiality agreement.

Defendants Had Substantial Motivation To
Make The Materially False and Misleading Statements

156. First, during the Class Period, according to the Company's Form 6-K, on March 25, 2011, the Company purchased for cash consideration 100% of the shares of a company whose technology is being incorporated into the Company's developer tools. Also, on April 26, 2011, the Company purchased for cash consideration certain assets of a company whose acquired technologies will be incorporated into the Company's products to enhance calendar scheduling capabilities.

157. The Individual Defendants were also motivated by various financial incentives benefitting them personally to make the materially false and misleading statements about RIM.

158. According to the Company's Proxy Circular, for fiscal 2011 (ended February 26, 2011), the Company increased the amount of the target annual incentive awards for each of the Co-CEOs. Due to the materially false and misleading statements about RIM, defendants Lazaridis and Balsillie both received 102.48% percent of their actual incentive award, while defendant Bidulka received 49.19% of his actual incentive award.

159. In fiscal 2010, defendant Lazaridis received total compensation of $4,578,001

($1,079,234 in salary, $987,931 in bonuses, $9,893 in all other compensation, $9,433 in pension savings, and $2,491,500 in RSU awards). In fiscal 2011, defendant Balsillie received total compensation of $5,112,128 ($1,175,664 in salary, $1,204,761 in bonuses, $2,708,340 in restricted share unit ("RSU") awards, $12,586 in pension savings, and $10,777 in all other compensation).

160. Further, in fiscal 2010, defendant Balsillie received total compensation of $4,578,001 ($1,079,234 in salary, $987,931 in bonuses, $9,893 in all other compensation, $9,433 in pension savings, and $2,491,500 in RSU awards). In fiscal 2011, defendant Balsillie received total compensation of $5,112,128 ($1,175,664 in salary, $1,204,761 in bonuses, $2,708,340 in RSU awards, $12,586 in pension savings, and $10,777 in all other compensation).

161. In fiscal 2010, defendant Bidulka received total compensation of $1,114,055 ($393,471 in salary, $216,110 in bonuses, $6,174 in pension savings, and $498,300 in RSU awards). In fiscal 2011, defendant Bidulka received total compensation of $1,769,973 ($538,846 in salary, $265,048 in bonuses, $957,790 in RSU awards, and $8,290 in pension savings).

Defendants' Propensity to Engage in Unlawful Conduct Consistent With Scienter Allegations

162. Defendants Lazaridis and Balsillie have demonstrated their propensity to engage in improper business conduct. According to the Company's Proxy Circular:

> On February 17, 2009, the Company, ***Mr. Lazaridis, Mr. Balsillie and two former officers of the Company entered into settlements with the SEC that resolved the previously disclosed SEC investigation of the Company's historical stock option granting practices.*** Mr. Lazaridis and Mr. Balsillie consented, without admitting or denying allegations in the complaint filed by the SEC, to the entry of an order enjoining them from violations of certain provisions of the U.S. federal securities laws, including the non-scienter based antifraud provisions. The order also provided that Mr. Lazaridis and Mr. Balsillie were liable for disgorgement of profits gained as a result of conduct alleged in the complaint together with prejudgment interest, although it also provided that those amounts were deemed paid in full because Mr. Lazaridis and Mr. Balsillie had already

> voluntarily paid those amounts to the Company as part of a series of recommendations of a Special Committee of the Company's Board of Directors following the voluntary internal review by the Company of its historical stock option granting practices. Messrs. Balsillie and Lazaridis and two former officers of the Company also agreed to monetary penalties in the aggregate of $1.425 million.

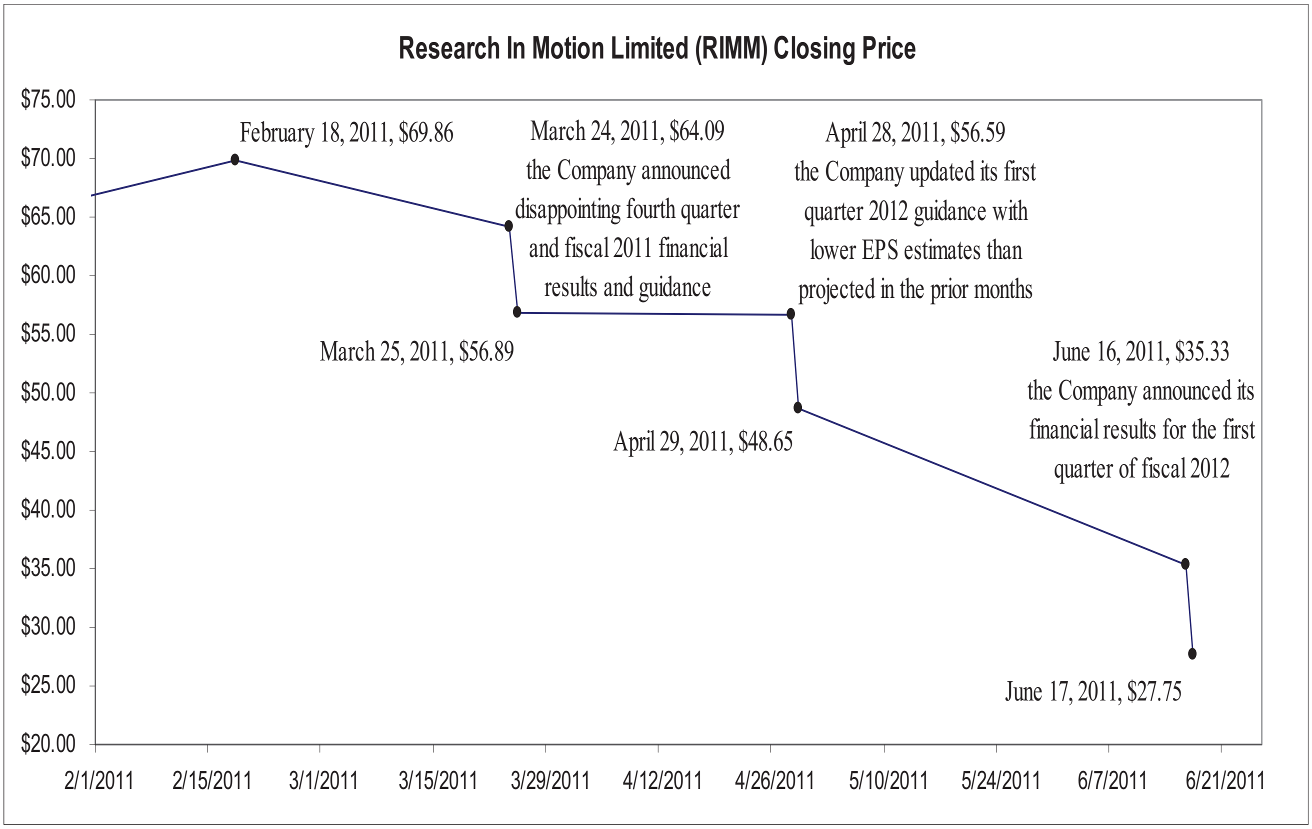
LOSS CAUSATION

163. The market for RIM securities was open, well-developed and efficient at all relevant times. As a result of Defendants' materially false and misleading statements and failures to disclose alleged herein, RIM securities traded at artificially inflated prices during the Class Period. Plaintiff and the Class purchased or otherwise acquired RIM securities relying upon market information relating to RIM and the integrity of the market price of RIM securities, thus causing economic loss and the damages complained of herein when the truth and/or the effects thereof were revealed and the artificial inflation was removed from the price of RIM securities.

164. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

165. But for Defendants' misrepresentation and omissions, Plaintiff and the other members of the Class would not have purchased RIM securities at the artificially inflated prices at which they were purchased.

166. Artificial inflation caused by Defendants' false and misleading statements and omissions is, in part, demonstrated by the following stock chart:



167. When Defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market through partial disclosures, the price of RIM securities fell precipitously as the prior artificial inflation came out. As a result of their transactions in RIM securities during the Class Period, Plaintiff and the other Class members suffered economic loss.

168. By failing to disclose to investors the adverse facts detailed herein, Defendants presented a misleading picture of RIM's business and prospects. Defendants' materially false and misleading statements had the intended effect and caused RIM securities to trade at artificially inflated levels throughout the Class Period, reaching as high as $69.86 per share on February 18, 2011.

169. As detailed herein, as a direct result of the partial disclosures on March 24, 2011, April 28, 2011 and June 16, 2011, shares of RIM fell precipitously. These drops removed the

artificial inflation from the price of RIM securities, causing real economic loss to investors who had transacted in RIM securities at artificially inflated prices during the Class Period.

170. On March 24, 2011, the Company announced disappointing fourth quarter and fiscal 2011 financial results and guidance. The Company stated that the "[w]e are forecasting ASP on our handset portfolio to be lower in Q1 than Q4 due to product mix shifting more towards lower-priced handsets that support the strong growth in prepaid and entry-level markets as well as the late stage of product life cycle of certain products as we approach the launch of next-generation versions of these products and handsets in Q2 and beyond." The Company further stated that "By the end of Q1, PlayBook will have been in the North American market only five to six weeks, and there are no other product launches to drive top line growth in this quarter." The news resulted in an 11.2% drop in the price of RIM securities, or $7.20 per share on March 25, 2011, on heavy trading volume.

171. On April 28, 2011, RIM updated its first quarter 2012 guidance with lower EPS estimates than projected in the prior month. RIM blamed lower shipment volumes of BlackBerry smartphones and a shift in the expected mix of devices shipped towards handsets with lower average selling prices for the Company's EPS shortfall. The Company also stated that "The age of the BlackBerry smartphone portfolio currently in the market, coupled with delays in new product introductions are leading to lower than expected sell-through than we anticipated, particularly in the U.S. and Latin America which is keeping levels of channel inventory higher than expected resulting in lower than expected shipments for the first quarter." On this news, RIM's securities plummeted 14%, or $7.94 per share, to close at $48.65 per share on April 29, 2011, on heavy trading volume.

172. Finally, on June 16, 2011, the Company announced its financial result for the first

quarter of fiscal 2012, ended May 28, 2011. For the quarter, the Company disappointed analysts and investors, reporting net income of $1.33 per share, down $0.05 from the first quarter of fiscal 2011. The Company also revised its expectations for full year per share earnings. The Company stated that "The challenges of the first quarter are continuing into the August quarter. The existing portfolio of BlackBerry products has been in market for close to a year, and delivering new products has proven more challenging than anticipated. Delays in the new product introduction timelines . . . has led to lower-than-anticipated shipments, revenue and earnings in the second quarter." Further, the Company announced that it has made the decision to begin a cost management process that will include headcount reductions across the Company. This signaled to the market that the Company's significant problems would eventually lead the Company to the point of collapse. On that news, RIM's securities plummeted even further to close on June 17, 2011 at $27.75, down 21.5% or $7.58 from the prior day's close of $35.33 on over 113 million shares traded.

173. Since June 16, 2011, RIM securities have not traded above the prices at which Class members purchased those securities during the Class Period prior to June 16, 2011. As a result, members of the Class who purchased RIM securities during the Class Period and continue to hold those securities, have sustained economic injury resulting from the decline(s) in the value of RIM securities resulting from the partial revelations.

174. Members of the Class who purchased RIM securities during the Class Period and sold and/or continued to hold those securities after a partial disclosure during the Class Period, have suffered economic injury caused by Defendants' misrepresentations and/or omissions during the Class Period that were not fully revealed until June 16, 2011.

175. Finally, members of the Class who purchased RIM securities during the Class

Period, and sold those securities after the end of the Class Period, have suffered economic injury caused by Defendants' misrepresentations and/or omissions during the Class Period that were not fully revealed until June 16, 2011.

176. Thus, the damage suffered by Plaintiff and other members of the Class was a direct result of Defendants' fraudulent scheme to artificially inflate the price of RIM securities and the subsequent significant decline in the value of RIM securities when the truth regarding the RIM's financial condition and prospects began to leak out.

177. The foregoing allegations describe Plaintiff's general theory of damages, demonstrate that Plaintiff's damages were caused by the scheme to defraud as alleged herein, and negate any inference that Plaintiff's losses were the result of general market conditions or other factors wholly unrelated to Defendants' omissions alleged herein.

NO SAFE HARBOR

178. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of RIM who knew that those statements were false when

made.

COUNT I
Violation Of Section 10(b) Of The Exchange Act And
Rule 10b-5 Promulgated Thereunder Against All Defendants

179. Plaintiff repeats each and every allegation contained above as if fully set forth herein.

180. During the Class Period, RIM and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (a) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (b) artificially inflate and maintain the market price of RIM securities; and (c) cause Plaintiff and other members of the Class to purchase RIM securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

181. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for RIM securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

182. In addition to the duties of full disclosure imposed on Defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, Defendants had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. Sections

210.01 *et seq.*) and Regulation S-K (17 C.F.R. Sections 229.10 *et seq.*) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and earnings so that the market price of the Company's securities would be based on truthful, complete and accurate information.

183. RIM and the Individual Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations, and future prospects of RIM as specified herein.

184. These Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of RIM's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about RIM and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of RIM securities during the Class Period.

185. The Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (a) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period; (b) the Individual Defendants were privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; and (c) the Individual Defendants were aware of the

Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

186. Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing RIM's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

187. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of RIM securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of RIM's publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired RIM securities during the Class Period at artificially high prices and were damaged thereby.

188. At the time of said misrepresentations and omissions, Plaintiff and other members

of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known of the true financial condition and business prospects of RIM, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their RIM securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

189. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

190. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

COUNT II
Violation Of Section 20(a) Of The Exchange Act
Against the Individual Defendants

191. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

192. The Individual Defendants acted as controlling persons of RIM within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had

unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

193. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

194. As set forth above, RIM and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions each as a controlling person, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of RIM's and the Individual Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

COUNT III
Violation Of Section 20(b) Of The Exchange Act
Against the Individual Defendants

195. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

196. The Individual Defendants used their control over RIM to cause RIM to issue materially false and misleading information in violation of Section 10(b) and SEC Rules 10b-5. By virtue each of the Individual Defendant's acts resulting in the issuance by RIM of materially false and misleading statements to the public, each of the Individual Defendants, directly or indirectly, engaged in conduct that was unlawful for the Individual Defendants to do under

Section 10(b) of the Exchange Act and the rules and regulations promulgated thereunder through another person, RIM.

197. As a direct and proximate result of RIM's and the Individual Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

198. By virtue of the forgoing, the Individual Defendants are liable to Plaintiff and the Class for the damages they suffered as a result of their purchases of RIM securities during the Class Period based on directly or indirectly relying on the material misstatements and omissions issued by RIM.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Determining that this action is a proper class action, designating Plaintiff as lead Plaintiff and certifying Plaintiff as class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as lead counsel;

B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: April 5, 2012

Respectfully submitted,

BROWER PIVEN
A Professional Corporation

____
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Counsel for Lead Plaintiff Robert Shemian and Lead Counsel for the Class

CERTIFICATE OF SERVICE

I hereby certify that on April 5, 2012, a copy of the Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws was sent, via U.S. Mail, postage prepaid to the following parties:

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